United States
Department of
Agriculture

Economic
Research
Service

June 1985

Policy Research Notes

Issue 19b

POLICY RESEARCH NOTES: Published by the Economic Research Service, USDA, and the Illinois Agricultural Experiment Station for professionals in Public Agricultural and Food Policy Research, Teaching, Extension, and Policymaking.

No. 19b | Washington, D.C. 20250 | June 1985

INTRODUCTION

Policy Research Notes has tracked for the past two years the extensive efforts of citizens, interest groups, and policy researchers and educators to contribute to the knowledge base for the 1985 agricultural and food policy. Projects were launched, publications released, conferences held, and alternative policies proposed. The breadth and intensity of the dialogue was probably unprecedented.

Now the last stage of this nation's unique participatory public policy making process is underway. Elected and appointed national policymakers must now translate the expiring policy experience, the rapidly changing underlying economic conditions, and this reservoir of knowledge into policy. It will be an inevitable compromise responsive to the diverse views of the perceived problems.

In this issue, Bill Dobson examines the macro-environment that looms so prominent in this decision making, Wayne Rasmussen reminds us of the historical linkages, and Joyce Allen sketches the major food policy bills before Congress. The discussion on the 1985 Farm Bill, which includes a spreadsheet of 11 comprehensive legislative proposals, are being made available in a reprint of an article, written by members of Policy Research Staff and the Economic Research Service, for the June 1985 issue of Agricultural Outlook published by ERS.

Policy Research Notes is distributed to provide a communication linkage among policy workers. It is circulated on a May and November schedule each year. Requests for copies of earlier issues of these Notes, comments or suggestions about them, and proposed contributed articles may be sent to either address below.

CONTENTS

Policy Research Notes is a cooperative effort of the Illinois Agricultural Experiment Station and USDA-ERS. Notes are prepared by R. G. F. Spitze, Department of Agricultural Economics, 1301 West Gregory Drive, University of Illinois, Urbana, Illinois 61801, and James A. Zellner, Food and Agricultural Policy Branch, ERS, 500 12th Street, S.W., Washington, D.C. 20250.

ANNOUNCEMENTS

National Public Policy Education Conference, September 16-19, 1985

Major topics for the 35th annual NPPEC at Kerrville, Texas, include: (1) The Changing Face of America: Its Policy Implications -- for agriculture, families, rural communities and policy educators; (2) Developing Policy Education Programs on Controversial Issues -- with case studies of diet-health and water quality; (3) The Changing Face of Agriculture -- including ownership and control, technology, and stress related to farm displacement; and (4) Tax Policy -- including the need for tax revision and implications for agriculture, families, and rural communities and businesses.

For more information and registration details, contact Walter Armbruster, Farm Foundation, 1211 West 22nd Street, Oak Brook, IL 60521-2197.

Southern Committee Schedules Policy Conference

The Southern Extension Public Affairs Committee will be discussing "Farm Policy Directions in 1985" at its June 19-21, 1985 meeting at Clearwater Beach, Florida. Topics include the Current Farm Legislation Environment, Adjustment in U.S. Agriculture, and Role of Forestry in the South.

For more information, contact William Givan, Chairman, Southern Extension Public Affairs Committee, Department of Agricultural Economics, University of Georgia, Athens, GA 30601.

North Central Policy Research Committee Plans Publications

Eleven states in the North Central, Western, Eastern, and Southern Regions, along with ERS, were represented in a meeting of the NC-169 Technical Committee for that regional policy research project, May 13-14, 1985, in Chicago. Topics covered included: (1) an update on the 1985 agricultural and food policy; (2) final planning for two more regional policy publications reporting research on Food Policy and Grain Reserves (in addition to the recently published regional research and extension bulletin, U.S. Farmers' Views on Agricultural and Food Policy -- A Seventeen State Composite Report); (3) progress on research underway at each state and ERS; and (4) initial planning for a new regional policy research project to commence in 1986.

Inquire about this research activity from any of the three NC-169 Executive Committee members: Marshall Martin (Purdue University), Bob Spitze (University of Illinois), or Willie Meyers (Iowa State University).

ERS Food and Agricultural Policy Electronic Bulletin Board

Beginning August 12, 1985, the new phone number for the Food and Agricultural Policy Branch (ERS/NED) electronic bulletin board will be (202) 786-3400. Additional information on the bulletin board is available in the June 1984 Policy Research Notes (Issue 17) or by calling Lewrene Glaser (202) 786-1780.

Policy Options for Refinancing Agriculture -- An Educational Project

The primary objective of this project will be to produce educational materials that can be used in extension education programs. The materials will be produced in leaflet form.

While short term remedies to the immediate most critical problem areas are being put in place currently, indications are that the credit problem is of a longer term duration. Considerable research is in progress or completed that analyzes the impact of some of the options being considered to deal with the longer run farm credit problem. The purpose of this project is to pull from research results to assess the longer term farm credit situation, describe the policy options, and evaluate their consequences.

The leaflets are intended to reach the nation's farm leadership. It is anticipated that distribution will be made to the states by October 1, 1985.

For more information, contact Walter Armbruster, Farm Foundation, 1211 West 22nd Street, Oak Brook, IL 60521-2197.

More Farm and Food System in Transition Publications Released

Another installment of impressive leaflets have now been published from the National Cooperative Extension Project on "The Farm and Food System in Transition". (See Policy Research Notes, December, 1983, June, 1984, and November, 1984, for announcement of earlier issues). They are part of a series of 63 papers designed to provide a comprehensive discussion of the U.S. farm and food system and related public policy issues expected to be on the agenda for the 1980's. Titles of this installment of papers are:

26. B. L. Flinchbaugh and Mark A. Edelman. The Changing Politics of the Farm and Food System.

27. Randall E. Torgerson and Gene Ingalsbe. The Future of Farmer Cooperatives.

28. Ronald W. Cotterill. Retail Cooperatives in the Food System.

29. John M. Connor. Multinational Firms in the World Food Marketing System.

30. Charles W. Abdalla and John C. Bouma. Standardized Shipping Packages: Their Role in Improving Food System Performance.

31. Larry G. Hamm and Charles R. Handy. Merchandising: Its Role in Food System Coordination and Performance.

32. Otto C. Doering, III. Future Uses of Fossil Energy in the Food System.

33. J. Patrick Madden. Regenerative Agriculture: Beyond Organic and Sustainable Food Production.

34. J. Peter Debraal. Foreign Ownership of U.S. Farmland: What Does It Mean?

35. George M. Johnston. Wildlife and Agriculture: A Case of Interdependence.

36. Clark R. Burbee and Carol S. Kramer. Food Safety Issues for the Eighties: Their Implications for Agriculture

37. James S. Shortle and Donald J. Epp. The Environmental Connection.

38. Maury E. Bredahl and William H. Meyers. Exchange Rates and Agricultural Trade.

39. Walter Enders. Exchange Rates and the International Monetary System.

40. Daniel E. Kauffman and James D. Shaffer. Forward Contracts Markets: Can They Improve the Coordination of Supply and Demand?

41. W. Smith Greig. Technological Proficiency in Food Processing.

42. Bruce W. Marion. Food Retailing and Wholesaling: Trends in Competition.

    Willam T. Boehm. Food Retailing and Wholesaling: Trends in Competition -- Another View.

43. John M. Connor and Bruce W. Marion. Food Manufacturing in the Farm and Food System.

44. Willard F. Mueller. Large Conglomerate Corporations in the Food System.

45. Paul L. Farris. Concentration Policy for the Farm and Food System.

The leaflet are planned for use individually or as sets by readers with specific interests and as a total collection for those seeking a general understanding of the system. Reproduction in whole or part, or adaptation for a specific audience, is encouraged as long as the project and authors are properly cited.

Sponsors of this worthy project are the Extension Committee on Policy (ECOP), USDA-Extension, Michigan State Cooperative Extension Service, and the State Cooperative Extension Services. For individual copies of the above papers or further information about this project, contact the Project Director, Jim Shaffer, Department of Agricultural Economics, Michigan State University, East Lansing, MI 48824-1039.

AAEA Summer 1985 Meetings Feature Policy Sessions

The special 75th Anniversary AAEA Summer Meetings at Ames, Iowa, August 4-7, 1985 feature many sessions with particular policy content, including:

75th Anniversary Commemoration Session
Measuring National Benefits of Agricultural Nonpoint Source Pollution Control
The Role of Agricultural Economics in Agricultural Policy Formulation -- Past and Future
Techniques of Trade Policy Analysis
Conceptual Issues in Welfare Economics
Alternative Commodity Programs
The Roles of Government in Agriculture

Local Government Revenues and Expenditures
Impacts of Monetary Policy on Agriculture
Monetary and Fiscal Policy Impacts on Agriculture
1985 Policy -- What Is Its Status and Direction
Soil Erosion, Farmer Responses and Conservation Policy Issues
Competitor and Importer Response to Changes in U.S. Grain Policy
Impacts of Emerging Technologies and Public Policy on U.S. and World Agriculture
International Trade Policy
Agricultural Policy Formation
Food Consumers and a Market Oriented Approach to Agricultural Policy
Acreage Reduction Alternatives in Price Support Programs

For registration information, call the AAEA business office at 515/294-8700.

Conference on Agricultural and Food Marketing Efficiency Announced

The Farm Foundation, Agricultural Marketing Service and Economic Research Service, USDA, are sponsoring a symposium to be held October 1-2, 1985, in Washington, D.C.

The objectives of the symposium are: (1) to assess the implications of economic efficiency on firm decision making and public policy in the agricultural and food marketing system; (2) to explore the conceptual and methodological dimensions to efficiency and their usefulness in the evolving agricultural marketing system; and (3) to identify gaps in the conceptual and methodological models and needed directions in marketing efficiency research.

For more information and registration details, contact Walter Armbruster, Farm Foundation, 1211 West 22nd Street, Oak Brook, IL 60521-2197.

International Agriculture Forum Announced

The sixth annual International Agriculture Forum will convene June 2-5, 1985 in Geneva, Switzerland. The program, "Agri-Enterprise in Development: New Leadership and Technology for Food Security," will feature plenary sessions on policies and issues plus commercial/technical workshops and commodity/country case studies with panel discussions. Topics include: tropical agriculture; food processing; preservation and distribution; energy and natural resource development alternatives; credit, technology transfer, management and training; and new crops and trade options. Business, government, and finance organizations around the world are expected to be represented.

For information about availability of publications from this forum, contact Agri-Energy Roundtable, 2550 M Street, N.W., Suite 300, Washington, D.C. 20037 (phone: 202/887-0528).

POLICY RESEARCH NEWS NOTES

World Cereal Grains Trade Statistics Studied

ERS has completed a study of original and destination statistics for wheat, flour, and rice quantity, import data reported to the United Nations for the years 1962-83. The database created contains reported imports and country trade yearbook statistics when available and export statistics otherwise. Several publications are under review, including a bulletin with regional trade matrices, a methods study, and a report documenting the computer procedures used to create the database.

Inquire about this study from Stephen W. Hiemstra, WEB, IED, ERS, USDA, Room 323 GHI Building, 500 12th St., S.W., Washington, D.C. 20250.

World's Migrant Labor Examined

Twenty-two farm labor experts from twelve nations provided background analyses for a recent Conference on Migrant Labor held at the University of California-Davis. It examined the salient features of labor-intensive agriculture, the various policies for obtaining seasonal farm workers, and the options to reduce farming's dependence on migrant labor. Discusssions focused on comparisons of the migrant labor problems and policies of countries representing the diversity associated with various stages of economic development.

Inquire about this professional exchange from Philip L. Martin, Department of Agricultural Economics, University of California, Davis, California 95616, and order (charge of $24.95) a resulting publication, Migrant Labor in Agriculture: An International Comparison, Publication 8501, from Publications, University of California, Agricultural and Natural Resources, 6701 San Pablo Ave., Oakland, California 94608-1239.

Ontario Grain and Oilseeds and Their International Market

Research was conducted on the production, marketing, and processing of Ontario grain corn and soybeans. An assessment was also made of their international market.

Inquire about this research and request copies of two related buletins, An Economic Profile of the Ontario Soybean Industry (December, 1984) and An Economic Profile of the Ontario Grain Corn Industry (October, 1984) from Karl Meilke, Department of Agricultural Economics, University of Guelph, Guelph, Ontario, Canada N1G 2W1.

CAST Report Analyzes Policy Alternatives

At the request of the U.S. Congressional Joint Economic Committee, a CAST Task Force was recently convened to develop quickly a concise, objective analysis of some of the 1985 agricultural and food policy bills. Meeting in April as a group, the Task Force designed a matrix with which to assess systematically the short and intermediate-term economic consequences of two policy alternatives that tend to bracket many of the separate bills: (1) the Administration's proposed Agricultural Adjustment Act of 1985; (2) the 1981 Agricultural and Food Act, as currently amended. The University of Missouri and Iowa State University's Food and Agricultural Policy Research Institute projections published in their FAPRI Staff Reports 1-85, 2-85, and 3-85 (listed in the publications section of this issue) served as the empirical basis for the Task Force's evaluations. The assessment procedure was developed for possible continued use by policy making staffs as further bills are fashioned in the coming months. Members of the Task Force writing group, working with Charles Black, Executive Chairman of the CAST Board were: Bruce Bullock, Chairman, Harry Ayer, Wally Barr, Sandra Batie, Roy Frederick, Joe Havlicek, Bill Hefferman, Jean Kinsey, Marshall Martin, Bill Miller, Bob Spitze, and Dan Sumner. Other policy workers served in various reviewing capacities.

Request copies of the related CAST report No. 104, May, 1985, Expected Impacts of Agricultural Legislation: Comparison of the Administration's Proposed Food and Agriculture Program With an Extension of the Agriculture and Food Act of 1981 as Amended from CAST publications, P. O. Box 1550, Iowa State University Station, Ames, IA 50010-1550. (Charge of $1.50).

Transition Farm and Food Leaflets Republished by USDA

As a further background publication for the 1985 agricultural and food policy now under development, the USDA office of the Secretary has republished seventeen of the leaflets already issued from Michigan State's "The Farm and Food Systems in Transition" project. This compilation was released as Agriculture Policy: A Citizen's Guide to the American Food and Fiber System, U.S. Department of Agriculture, April, 1985, 142 pp., by that Department's Office of Public Liaison under the direction of Christina Wilson and Shirley Traxler with Harold Guither and Bonnie Tanner as consulting editors.

For copies of this publication, contact Office of the Secretary, Public Liaison, U.S. Department of Agriculture, Washington, D.C. 20250.

Papers Report on Natural Resources and Rural Poverty

A series of papers were recently developed to update and assess the knowledge base on natural resources and rural poverty. Part of the material was presented in a 1983 Resources for the Future Workshop and the entire effort was supported by a grant from the Ford Foundation.

For further information and for copies of the related special report, Natural Resources and Rural Poverty -- An Overview, by Irma T. Elo and Calvin L. Beale, contact Linda Pierce, Resources for the Future, 1616 P Street, N.W., Washington, D.C. 20036.

Policy Issues About Seasonal Agricultural Workers

An inquiry has been completed explaining farm worker employment by commodity and area, the changing demand for and supply of farm workers, and the operation of the farm labor market. It also looked into federal employment and training programs for farm workers.

For further information about this research, contact Philip Martin, Department of Agricultural Economics, University of California, Davis, California 95616, and request a copy of a resulting publication, Seasonal Farmworkers in American Agriculture: Background and Issues, from National Commission for Employment Policy, 1522 K Street, N.W., Washington, D.C. 20005.

Study on Public Policy and Agricultural Interests Launched

A study has begun of the policy involvement of the array of farm, food, and agribusiness interests. The analysis will focus on the type of issues to which each group is directed, the degree of their involvement, and their interaction with one another.

Inquire about this study from William P. Browne, Anspach 313, Central Michigan University, Mount Pleasant, Michigan 48859.

Agricultural Technology Delivery System Studied

A three year study of the public and private sectors of the agricultural technology delivery system has been completed. Findings were presented at a Lexington, Kentucky symposium, March 4-6, 1985. Included was a paper on the ethics and values underlying economic analyses of agricultural productivity.

Inquire about this study and request a paper titled, "Toward a New Covenant for Agricultural Academe" and a book chapter titled, "Beyond Conventional Economics -- An Examination of the Values Implicit in the Neoclassicial Economic Paradigm as Applied to the Evaluation of Agricultural Research and Productivity" from J. Patrick Madden, Department of Agricultural Economics and Rural Sociology, Pennsylvania State University, University Park, PA 16802.

Also request copies of a related publication, The Agricultural Technology Delivery System: A Study of the Transfer of Agricultural and Food-Related Technologies, by Irwin Feller, Lynn Kaltreider, J. Patrick Madden, Dan Moore, and Laura Sims (may be a charge) from Institute for Policy Research and Evaluation, Pennsylvania State University, University Park, PA 16802.

Policy Implications of Census Farm Data Studied

This study examines the characteristics of crop farms by type and size. It draws upon a special tabulation of the 1982 Census of Agriculture. Farm type and size were defined in terms of the acreage harvested of the principal crop. The study compares and contrasts important characteristics of corn, soybean, wheat, cotton, rice, and grain sorghum farms.

Inquire about this study and request a copy of a preliminary report, "Diversity in Crop Farming: Its Meaning for Income-Support Policy," from James Vertrees or Andrew Morton, CBO, HA#2, 2nd & D. Sts., S.W., Washington, D.C. 20515.

Financing Rural Roads and Bridges

This research focuses on the condition and financing of rural township roads and bridges in Ohio, Illinois, Minnesota and Wisconsin with analyses of policy alternatives. Estimates are being made of the cost of updating the current system to acceptable levels to meet agriculture's demands for rural road services provided by township governments in the 4 Midwest states. It is sponsored by the Office of Transportation, Ag. Marketing Service, Office of Rural Development Policy, USDA in cooperation with the Illinois Department of Agriculture.

Inquire about this research and request a copy of a preliminary report, "Financing Rural Roads and Bridges in the Midwest," by Norman Wolzer and David Chicoine, from David L. Chicoine, Department of Agricultural Economics, University of Illinois, 1301 West Gregory Drive, Urbana, IL 61801.

Policy Workshops Held Throughout Kansas

An educational effort involving twenty-three policy workshops on the theme, "Opinions for the 1985 Farm Bill," were recently conducted across Kansas by Barry Flinchbaugh and Bill Tierney. The background document for the program resulted from a research survey of Kansas farmers coordinated by Donald Erickson, Paul Kelley, Harvey Kiser, and Charles Lambert.

Inquire about this effort and request related publication, Options for the 1985 Farm Bill, Kansas Extension Service No. MF-733, December, 1984, from Charles Lambert or Paul Kelley, Extension Economics, Waters Hall, Kansas State University, Manhattan, Kansas 66506.

Policy Workshops Held Throughout Michigan

The annual Michigan Farm and Food Policy Conference was held on February 18, 1985, under the leadership of Jim Shaffer and Vern Sorenson. It included presentation of the Administration's Farm Policy proposal by FAS staff, responses by farm spokesmen, and vigorous discussion among participants.

Inquire about this effort and request related material from Jim Shaffer, Department of Agricultural Economics, Michigan State University, East Lansing, MI 48824-1039.

Michigan Farm Finance Survey Analyzed

A survey of Michigan farmers' financial situation was recently conducted. Using these data, an analysis was made of the financial and family characteristics of the survey respondents.

Inquire about this analysis and request a copy of a related report, "Michigan Farm Finance Survey," Michigan Agricultural Economics Staff Paper 85-25, April 24, 1985, from Sermin D. Hardesty and Ralph E. Hepp, Department of Agricultural Economics, Michigan State University, East Lansing, MI 48824.

Restudy of Off-Farm Income and Policy Implications

A follow-up study of a 1971 state wide Illinois survey and analysis of off-farm income flowing to various members of farm families is being initiated. Essentially the same survey schedule will be used. Its objectives will be to characterize the amount and sources of such income, to determine the factors affecting off-farm earnings, to compare the findings of the two periods approximately 15 years apart, and to evaluate the results for public agricultural, food, development and resource policy.

Inquire about this study from Bob Spitze, Department of Agricultural Economics, 305 Mumford Hall, 1301 West Gregory Drive, Urbana, IL 61801.

Economic Impact of Irrigation Cutoff to California District

The purpose of this research is to estimate the direct and indirect economic impacts of reduced irrigation water deliveries to designated agricultural acreage on the west side of the San Joaquin Valley in Fresno County, California. The impacts will include those both on gross private sector economic activity and on returns to and costs of local government. Analytical models used include an input/output model with emphasis on agriculture, a public sector cost/revenue model, and a model integrating the first two. It is being prepared for the U.S. Bureau of Reclamation.

For further information about this research and for a copy of a preliminary report, "Selected Economic Estimates of the Impact of Restricting Irrigation Inflows to Agricultural Lands in the Westlands Water District of California," contact L. Tim Wallace or David Strong, Cooperative Extension Agricultural Economic and Community Resource Development, 318 Giannini Hall, University of California, Berkeley, CA 94720.

Journal's Theme Is Market Instability and Risk Management

The February, 1985 issue of the Journal of Agribusiness presents views of agricultural economists in the Land Grant System and USDA concerning the issues of market instability and risk management strategies.

Request a copy of this publication from Joseph C. Purcell, Department of Agricultural Economics, Georgia Experiment Station, University of Georgia, Experiment, GA 30212.

EFFECTS OF THE MACROECONOMIC ENVIRONMENT ON 1985 AGRICULTURAL LEGISLATION

William B. Dobson*

In this paper, I examine how the macroeconomic environment might influence the agricultural part of the legislation being developed in 1985 to replace the Agriculture and Food Act of 1981. This topic is important since macroeconomic conditions promise to shape the nature of major agricultural legislation more than in previous years. The paper includes the following sections:

- Lessons from recent history about the impact of the macroeconomic environment on agricultural legislation.

- The climate for agricultural legislation produced by 1985 macroeconomic conditions.

Lessons from Recent History

Let's first examine the macroeconomic environment that existed prior to and during the debate on the Agriculture and Food Act of 1981 and macroeconomic developments during 1982-84 that may influence the 1985 Agricultural Act. We will try to relate macroeconomic conditions to legislative actions and learn from this history. Statistics on inflation, growth of real Gross National Production (GNP), unemployment, interest rates, federal deficits, and the value of the U.S. dollar, relevant to this exercise appear in Table 1. Note that the statistics appearing in Table 1 represent the average values for seven variables that describe the macroeconomic environment during the years when the 1977 Food and Agriculture Act (1978-81) and the 1981 Agriculture and Food Act (1982-85) operated. The 1985 data in the table will be referred to in the second section of the paper. It is believed that policymakers attach more importance to the variables in the year when a four-year agricultural bill is being passed than in the three preceding years. To reflect this consideration, the values for the variables are listed separately for 1978-80 and 1981 for the 1977 Act and for 1982-84 and 1985 for the 1981 Act.

Macroeconomic Conditions During the 1977 Act. Inflation averaged in double-digit figures and real GNP grew at a modest 2.5% rate during both 1978-80 and 1981. The strong inflation was fueled partly by food prices which increased at double digit rates during 1978-80 before registering a slower 4.3% rate of increase in 1981. Energy prices, reflecting a major oil price shock in 1979, rose by an average of 19% per year during 1978-81. The nominal prime interest rate was high during the life of the 1977 Act, especially in 1981 when it averaged 18.9%. Real long-term interest rates, which were at negative average levels during 1978-80, increased to almost 4% during 1981. While the causes of the high nominal and real interest rates of 1981 are not fully understood, they presumably reflect the effects of the Federal Reserve Board's 1979 Quantitative Accord and restrictive monetary policies.

---

*Professor and Head, Department of Agricultural Economics, Purdue University. This paper represents an updated and modified version of a talk presented at the USDA's Annual Agricultural Outlook Conference in Washington, DC in December 1984. Helpful comments on this paper by Professors Emerson Babb and Paul Farris of the Department of Agricultural Economics at Purdue University are acknowledged.

Table 1. Average Values for Seven Macroeconomic Variables During Years of Operation of the 1977 and 1981 Agricultural Acts[a]

Variable	Value of Variable During Life of 1977 Act		Value of Variable During Life of 1981 Act	
	1978-80	1981	1982-84	1985[b]
1. Inflation Rate, as measured by CPI (%)	10.8	10.4	4.5	3.7-3.9
2. Rate of Change in Real GNP, computed using 1972 dollars (%)	2.5	2.5	2.8	3.1-3.5
3. Civilian Unemployment Rate (%)	6.3	7.6	8.9	6.9-7.2
4. Prime Interest Rate (%)	12.3	18.9	12.6	10.5-12.0
5. "Real" Long-Term Interest Rate, measured as Corporate Aaa Bond Rate minus CPI (%)	-0.7	3.8	8.3	8.0-8.5
6. Federal Budget Deficits (Billion $)	45.4	57.9	160.4	200.0-210.0
7. Trade-Weighted Value of the U.S. Dollar (March 1973 = 100)	89.3	102.9	126.7[c]	Under Downward Pressure

[a] Source of Figures: [3, 5, 6]. All figures are for calendar years except those for federal deficits, which are expressed on a fiscal years basis.

[b] Forecasts which reflect actual values of the variables for the first two-three months of 1985.

[c] The 1982-84 average value masks the strength exhibited by the dollar in late 1984. In the fourth quarter of 1984, the trade weighted value of the dollar averaged 147, up by two-thirds from the 1980 figure.

Federal deficits were low by recent standards during 1978-81. Moreover, the lower value of the U.S. dollar during this period helped to spur agricultural and non-agricultural exports. The nominal value of agricultural and non-agricultural exports rose 47% and 72%, respectively, during 1978-81. U.S. agricultural exports reached a record $43.3 billion level in 1981.

Macroeconomic Conditions During the 1981 Act. Macroeconomic conditions witnessed during the life of the 1981 Act include the deepest post WWII recession (measured in terms of unemployment), a Keynesian economic boom and an economy which paused to catch its breath late in 1984. The hallmark of the 1982-84 period, though, was large persistent federal deficits, averaging $160 billion per year. While the large, persistent deficits can help to produce an economic boom and disinflation, they also contribute to the other developments described in the simplified diagram appearing below:

Low domestic investment

Large, persistent federal deficits plus tight money

High real interest rates

Capital inflows

Strong dollar

Reduced exports + Expanded imports

Measures to protect domestic industries and subsidize exports

High cost for debt service

Lower inflation

How much the federal deficits influence the variables in the diagram is not known with much certainty but there is partial evidence on the impacts:

- Eckstein and Brinner estimated that federal deficits increased real interest rates by 1.5 to 3.0 percentage points in 1983 [7].

- Preliminary results of a study conducted by the Economic Research Service of the USDA suggest that reducing the structural deficits by $100 billion per year would reduce nominal interest rates by 2.0 to 4.0 percentage points [9].

- The Congressional Budget Office forecasted that net interest outlays of the Federal government will increase from about $111 billion in fiscal 1984 to $214 billion in fiscal 1989 (93% increase) if no further actions are taken to increase taxes or cut expenditures [4].

- Federal Reserve and other studies show that the appreciating dollar reduced the rate of inflation by about 1.5 percentage points each year during 1981-83 [8].

Obviously the deficits are not the entire cause of the developments noted in the diagram. In particular, the dollar is strong partly because of the well known "safe haven" phenomenon and because real risk adjusted rates of return on U.S. securities are high in comparison to yields on foreign securities. In addition, some economists believe that foreign capital is attracted to U.S. securities because economic growth prospects in the U.S. are better than those in the safe but lower-growth economies of Western Europe. However, the federal deficits are one symptom of unbalanced macroeconomic policies which place heavy burdens on interest sensitive and export dependent sectors, such as agriculture, and on import-competing sectors. The policies are unbalanced in the sense that monetary policy is often restrictive while fiscal policy is expansive, producing large deficits.

The 1978-81 period (years when the 1977 Act operated) might be characterized as one of stagflation, external shocks and relatively strong export markets. The 1982-84 period (part of the life of the 1981 Act), on the other hand, might be described as a time of high real interest rates, a strong dollar, weak exports, lower inflation and other phenomena associated with large, persistent federal deficits.

How can we relate the 1981 Act to the macroeconomic environment existing prior to the enactment of that legislation? Not surprisingly, the 1981 Act was shaped by conditions that existed during 1978-81 as well as by anticipated problems, particularly the federal deficits.

Certain provisions of the 1981 Act apparently were designed to keep agricultural exports growing strongly and to fight the inflation and productivity problems of the late 1970s and early 1980s. For example, the 1981 Act eliminated the restrictive acreage allotments and marketing quotas on rice. This action could be expected to help fight inflation, increase efficiency and expand exports. The change to a greater "market orientation" for rice admittedly did not produce much toward these effects partly because the support prices for the commodity remained substantially above market clearing levels under the 1981 Act. The relatively large amount of discretion given the Secretary of Agriculture under the 1981 Act regarding the setting of loan rates for corn and wheat, together with the prodding that he could expect from the Office of Management and Budget to keep increases in loan rates small, also could be used to combat inflation and expand exports. While the unhooking of dairy price supports from parity under the 1981 Act was motivated largely by desires to cut budget expenditures for the dairy program, this action also could slow the rate of increase in prices paid by consumers for dairy products.

Early Lessons Regarding the Deficits. While in 1981 some in the Congress and Administration believed that tax cuts associated with the Economic Recovery Tax Act of 1981 and other supply side measures would help the economy grow out of the deficits, others correctly predicted that large persistent deficits were in store for the economy. This concern plus desires to limit the government's role in the economy contributed to efforts to: (a) limit overall spending on the 1981 Act to approximately $11 billion for the life of the legislation; and (b) transfer part of the cost of certain agricultural programs during 1982-84 from the Treasury to consumers or to producers themselves.

Overall Spending Limits. Net budget expenditures for fiscal 1982-85 for the Act passed in December 1981 were projected by the USDA in the fall of 1981 to total about $11 billion, which is about $400 million more than would have been produced by the "austere" Senate agricultural bill. A Presidential veto of the conference bill would have been a real possibility if projected costs had exceeded $11 billion by even relatively small amounts. As it turned out, net Commodity Credit Corporation (CCC) expenditures for the 1981 Act for fiscal 1982 alone totalled over $11 billion and in fiscal 1983 reached $18.9 billion, not counting the value of $9.4 billion Payment-In-Kind commodities committed in 1983. Moreover, agricultural program costs grew faster in fiscal 1982 and 1983 than any other budget category [1].

Efforts to Transfer the Costs of Certain Agricultural Programs to Consumers and Producers. How portions of the cost of certain agricultural programs were shifted to consumers and/or producers during 1982-84 can be illustrated using examples for sugar, tobacco, and dairy products.

A sugar price support program was included in the 1981 Act, even though no such program had been in the previous Act, with the expectation that domestic sugar prices would be supported mainly through supply control measures. Thus, initially, sugar prices were supported under the 1981 Act through use of import fees and duties and later in May 1982, through the use of import quotas. Such measures are effective for this purpose because the U.S. is a net import of sugar. Because it relies on supply control for supporting prices, the sugar program has been characterized as one that transfers costs from the federal budget to the check-out counter at the supermarket.

Tobacco prices have been supported for decades in the U.S. through use of quotas which restrict supplies. The new wrinkle was the no-net-cost-to-the-government (no-net-cost) provisions mandated by the 1981 Agricultural Act and passed into law in 1982. The price support program for tobacco is administered by producer cooperatives acting under loan agreements with the CCC. The CCC extends loans to the cooperatives to enable them to pay producers the support prices and store the tobacco until it is sold. Tobacco received by the cooperatives serves as collateral for the CCC loans. Beginning in 1982, if returns from sales of the tobacco which served as collateral are not sufficient to repay the loans, the difference must be paid by growers from contributions previously made to a fund. Prior to 1982, such shortfalls were made up by the CCC. Prospective market conditions are such that assessments of producers for the no-net-cost provision, which transferred some tobacco program costs to producers, may increase substantially in the future.

Under the 1981 Act, dairy price supports were unhooked from a direct tie to parity and price support triggers were installed to relate minimum dairy price support levels to the size of CCC dairy product purchases, partly to reduce burgeoning dairy program costs. Subsequently, in the 1982 Budget Reconciliation Act, dairy price support levels were frozen and producers were assessed to pay for a portion of the cost of dairy price supports, marking the beginning of the move to producer self-help. Dairy legislation enacted in 1983: (a) authorized a 15-month paid milk diversion program under which producers could qualify for $10 per hundredweight payments for reducing milk sales below specified base levels; (b) required that all milk producers pay 50¢ per hundredweight to defray a portion of the costs of the milk diversion programs; and (c) authorized a 15 cent per hundredweight assessment on milk marketed by producers to finance a dairy product research and promotion program to expand the demand for dairy products. Thus, the dairy example identifies a rather pronounced movement to supply control and producer self-help that occurred during 1982-84.

Lessons from Efforts to Contain Budget Expenditures for Agricultural Programs. The implementation of supply control measures and/or producer self-help for dairy, tobacco, and sugar doubtless kept budget expenditures lower than they would have been in the absence of such measures. But, as noted above, despite efforts to hold down budget expenditures during the life of the 1981 Act, they ballooned for reasons that are now well-known. Partly it was due to good crop growing conditions in the U.S. and the worldwide recession that adversely affected exports. In addition, the problem was exacerbated by the increase in farm productive capacity that occurred in the U.S. and elsewhere in the 1970s as a result of strong demand and high agricultural prices and by small efforts at production control. But a major cause was loss of export demand due to the strong dollar which owes part of its strength to the large, persistent federal deficits associated with U.S. macroeconomic policies. The lesson is that the 1981 Act (or similarly structured legislation) is inherently costly legislation when crop exports fall substantially from the levels that prevailed in the late 1970s and early 1980s. An assumption implicit in the 1973, 1977, and 1981 Acts -- i.e., that price supports and target prices would not come into play for prolonged periods -- was proven untenable by events of 1982-84. Secondly, interest groups have acquired incentives to lobby for restructuring of agricultural programs to offset effects of the macroeconomic policies that have prevailed during the life of the 1981 Act. Finally, the sugar, tobacco, and dairy programs, with their emphasis on supply control and/or producer self-help, may be interesting models for those wishing to reduce federal budget expenditures for a few other agricultural programs.

The Climate for Agricultural Legislation Created by 1985 Macroeconomic Conditions

My forecasts of certain macroeconomic variables for 1985, which reflect actual values for the variables for the first two-three months of the year, appear in Table 1. If we assume that policy makers collectively act like Mr. McGoo (the nearsighted cartoon character), then these may be the most important figures considered in the paper.

In general, the figures describe an economy whose rate of growth in 1985 has slowed substantially from levels recorded in early 1984. I estimate that average real growth of GNP for 1985 will be in the 3.1% to 3.5% range. Reagan Administration officials have established a 4% real GNP growth rate as the basis for their budget proposals for 1985. Such a growth rate now appears to be out of reach.

The consensus forecast of the economists contributing to Blue Chip Economic Indicators is for federal deficits to be $167-$177 billion per year for 1985 and through the remainder of the decade. These forecasts, which reflect anticipated tax increases and budget cuts, appear to be plausible but are too low for 1985, since deficit-reducing measures were not enacted to bring the deficits down to the $167-$177 billion range during fiscal 1985. Thus, my macroeconomic forecast for 1985 includes continued large federal deficits ($200 to $210 billion) and high real interest rates in the 8.0% to 8.5% range. If additional measures similar to the Deficit Reduction Act of 1984 are passed by the Congress, then the federal deficits may decline modestly to about the levels forecast in Blue Chip Economic indicators for 1986-89. Other things equal, these developments would tend to keep agricultural exports from growing strongly and aggravate the financial stress in the farm community.

But other things are seldom equal. Indeed, one major uncertainty in the forecasts relates to the strength of the dollar. The average trade weighted value of the dollar in current terms during the fourth quarter, 1984 and the first quarter 1985 was up by nearly three-fourths from 1980 levels. I agree with economists who believe that this level of strength for the dollar is unsustainable. I do not know exactly when the dollar will fall or what will be a sustainable equilibrium value for it. However, exchange markets probably cannot ignore the U.S. current account deficits forever, and modest declines in U.S. interest rates might start the correction process. Also, given the amount of speculation in the dollar, the correction process could be disorderly since nobody would wish to be the last one out in the event of a major exodus from the dollar.

A decline in the value of the dollar could give the economy an injection of inflation. Just how large this dose would be is uncertain, but the disinflationary process described in the discussion of the relationship between federal deficits and the appreciating dollar does work in reverse. An approximation of the initial inflationary impact of a decline in the value of the dollar can be computed as the product of the percentage devaluation of the dollar times the fraction of consumer goods that are imported. But this measure ignores certain indirect, secondary effects which may take long periods of time to work themselves out. The Congressional Budget Office cites a rule of thumb showing that at 10% reduction in the value of the dollar would increase the overall price level by about 1% within two years [4]. Kenen estimated that a 17% decline in the value of the dollar from 1971 to 1973 raised U.S. prices about 2.4 percentage points [10]. Blinder argued that the likely effect of the 1971-73 devaluation was to

increase price levels by 3 to 4 percentage points after all the lags and secondary effects are taken into account [2]. I cite these figures only to suggest that a fall of the dollar eventually could produce a substantial inflationary impact.

Any substantial decline in the value of the dollar should, after some delay, increase U.S. exports of agricultural and non-agricultural products. How much exports would increase presumably depends upon how much market forces would push up interest rates to balance the supply and demand for funds, how much and how soon the Federal Reserve would tighten the money supply to contain inflation in the face of the declining dollar, how much tighter money would push up interest rates, how much of the decline in the dollar's value would be restored by higher interest rates, how much foreign debt repayment burdens are eased and exports thereby enhanced, and how fast recovery occurs abroad. Obviously this scenario involves secondary effects which are difficult to forecast. It also underscores the importance of timely, systematic action to reduce the federal deficits and enhance the changes for an orderly decline in the dollar's value.

Much of the action in macroeconomic policy in 1985, of necessity, will be monetary policy action. It could hardly be otherwise since the fiscal policy throttle has been jammed near wide open and appears likely to be stuck near its present position at least through 1985.

What does the 1985 macroeconomic environment mean for the debate on 1985 agricultural legislation. Data collected by both government agencies and private firms suggest that in early 1985 about one-third of U.S. commercial farmers (about $50,000-$500,000) had debt-asset ratios of 40% or more. Farmers whose debt-asset ratios are 40% or higher have been described as having financial difficulties ranging from "serious financial problems" to "technical insolvency". Substantial variation admittedly exists in the financial condition of this one-third of U.S. commercial farmers and some in this group have relatively good economic prospects; nonetheless it is clear that farm financial distress is widespread in the U.S. It is also difficult to construct credible scenarios which show strong possibilities for relief from this situation. Agricultural exports could be helped by a decline in the value of the dollar in 1985 or 1986 or by a tightening of supplies elsewhere in the world. However, it is difficult to see any developments unfolding in 1985 that would cause a large decline in real interest rates. Hence, the debate on agricultural legislation in 1985 will continue to be carried out against the backdrop of financial stress in major parts of the farm economy together with large, persistent budget deficits.

Summary Note

A "catch-22" of sorts is suggested in the paper. Agricultural legislation may be crafted in 1985 to offset some effects of recent macroeconomic developments and deal with symptoms of problems created by the deficits. However, budget constraints appear likely to keep transfers of funds from the Treasury to agriculture at levels which will do little to produce improved prosperity for much of the sector. Moreover, if budget outlays equal to those spent on U.S. agricultural programs in fiscal 1982-83 should be made available for 1986 and later years, this action would marginally increase federal deficits and thereby exacerbate the problems facing the sector. Indeed, such largess might be a symptom of uncontrollable deficits. This dilemma points up the difficulty of providing lasting prosperity for agriculture without reducing real interest rates and expanding exports. One hope for achieving such changes comes from the painful process of cutting the federal deficits substantially and returning to more balanced macroeconomic policies.

REFERENCES

1. Abel, Martin and Lynn Daft, "Future Directions for U.S. Agriculture Policy," Final Report of Agriculture, Stability, and Growth Toward a Cooperative Approach, Curry Foundation, Washington, DC, 1984.

2. Blinder, Alan S., Economic Policy and the Great Stagflation, New York: Academic Press, 1981.

3. Board of Governors, Federal Reserve Bulletin, Washington, DC, Vol. 70, 4, April 1984.

4. Congressional Budget Office, "The Economic and Budget Outlook: An Update," Congress of the United States, Washington, DC, August 1984.

5. Council of Economic Advisers, Economic Indicators, United States Government Printing Office, Washington, DC, various issues.

6. __________, Economic Report of the President, United States Government Printing Office, Washington, DC, 1984.

7. Eckstein, Otto and Roger Brinner, "The 1985 Problem: Will the Deficit be Reduced?." U.S. Forecast Summary, Data Resources, Inc., November 1983.

8. Federal Reserve Bank of Chicago, International Letter, Chicago, IL, No. 520, February 24, 1984.

9. Hoffman, George, "Farm Policy Effects of the Recession in Agriculture," paper presented at annual meetings of American Agricultural Economics Association, Ithaca, NY, August 8, 1984.

10. Kenen, Peter B., and Associates, A Model of the U.S. Balance of Payments, Lexington, MA: DC Heath, 1978.

A Historical Framework for the 1985 Agriculture and Food Bill 1/

Wayne D. Rasmussen*

Congress and the President face a dilemma in 1985 if they are asked to pass legislation that will strengthen the incomes of American farmers while cutting the costs of farm programs and placing more reliance on the marketplace to bring about adjustments in production, prices, and income. In the minds of many farmers the situation has become acute when they see that total net farm income, measured in constant dollars, reached its lowest point in 50 years in 1983. Since there were fewer farmers to share the total, income per farm was comparable to the late 1950's and early 1960's. Some critics of the programs say that if this is the result of 50 years of Federal supports for farm prices and farm incomes, then they should be abolished, while others say that the programs were inadequate and should be strengthened.

Agricultural policy has been an important aspect of American government since the days when the nation was nothing more than a collection of British colonies scattered along the Atlantic coast between Canada and Florida. As early as 1619, the colony of Virginia began an inspection system aimed at limiting the amount of tobacco going to market. In the early 1630's, Virginia limited the number of plants which could be grown per person and legislated a minimum price at which tobacco could be traded. These efforts were unsuccessful in controlling surpluses.

After independence was won, the new nation adopted a policy of opening its western lands to settlement. In 1862, the Homestead Act offered 160 acres of land free to any person 21 years of age or older who would improve the land and live on it for five years. In part to aid the homesteaders, the State agricultural colleges and the United States Department of Agriculture were established, and financing for the Union Pacific Railroad was provided.

These institutions helped farmers become more productive after the Civil War, both through opening new land and increasing productivity. Supplies and exports both increased, and the farmers found themselves dependent upon world markets and world prices. Then, as now, world demand and world prices rose and fell, dictated in large part by weather conditions. When farmers experienced hard times, they organized and called for government intervention. The National Grange of 1867, the Alliances of the 1880's, the Populist Party of the 1890's and the National Farmers Union of 1902 resulted from farm distress. However, the Federal government continued to emphasize more efficient production as the solution to the farmers' problems.

The entry of the United States into World War I led to a new departure in Federal agricultural policies--a guarantee of minimum prices for wheat and hogs. However, agricultural prices collapsed in July 1920, largely because of a sharp decline in export demand. Farmers averaged $2.16 per bushel for wheat in 1919, but only $1.03 in 1921. The average farm had cash receipts of $2,252 in 1919, and $1,248 in 1921. For more than a decade prices went up and down with the trend always on the downside. Some efficient farmers prospered, particularly those who had not

---

1/ Based on "History of Agricultural History of Price-Support and Adjustment Programs, 1933-84, Agricultural Information Bulletin Number 485, December 1984.

*Wayne D. Rasmussen, Chief, Agricultural History Branch, NED, USDA.

gone into debt during World War I in order to increase production. However, most farmers were hurt by surpluses and low prices. The situation was aggravated by the rigidity of nonagricultural prices and wages, creating a new disparity between farm income and costs. The situation had a disturbing effect on the overall economy and is seen by some as one of the causes of the Great Depression.

Farm organizations, led by the new American Farm Bureau Federation, called for national legislation to maintain farm prices and incomes. Congress twice passed the McNary-Haugen bills, which would guarantee each farmer fair prices for his share of the domestic market for basic commodities, while the surpluses would be sold abroad by a government corporation. These bills were vetoed by President Calvin Coolidge in 1926 and 1927. In 1929, President Herbert Hoover signed a law establishing the Federal Farm Board, which was to make loans to cooperatives and was to buy surplus wheat and cotton to stabilize the market. The Farm Board failed, in part because it could not pay farmers to control production and in even larger part because the severity of the Great Depression exhausted its limited funds.

In 1933, President Franklin D. Roosevelt asked the Congress to pass legislation that would "increase the purchasing power of our farmers and the consumption of articles manufactured in our industrial communities." Congress responded by passing the Agricultural Adjustment Act of 1933.

The act, signed on May 12, 1933, by President Roosevelt, gave the Secretary of Agriculture authority to reduce acreage or production by voluntary agreements and to make rental or benefit payments. Other provisions looked toward disposing of the surpluses.

The year after the act was passed, Secretary of Agriculture Henry A. Wallace wrote: "The present program for readjusting productive acreage to market requirements is admittedly but a temporary method of dealing with an emergency." Yet 50 years later this "temporary method of dealing with an emergency," except for modifications more of form than substance, is still in effect. It has survived partly because over this span of years, the program has brought a certain stability both to farming and to consumer costs of food.

The Agricultural Adjustment Act was aimed primarily at improving the financial situation of the average farmer. The Resettlement Administration, a forerunner of the Farmers Homes Administration, was established by the President in May 1935 to help destitute farm families and to retire submarginal land from production. Supervised rehabilitation loans were used to help needy people to reestablish themselves on a self-supporting basis on farms or through part-time farming and part-time employment in industry.

Although various farm and emergency loan programs had been in effect from time to time since the Federal Farm Loan Act of 1916, the Great Depression had dried up most sources of farm credit. The Farm Credit Administration was established in June 1933, to handle both emergency and long-term programs. The FCA established a voluntary debt adjustment program late in 1933. This program saved a number of farms from forclosure. Early in 1934, Congress passed the Frazier-Lemke Farm Mortgage Act which virtually stopped farm foreclosures for a period. The law was declared unconstitutional after a year.

One of the most acute of the depression-born problems was that of getting food to people in the midst of surpluses. New Deal activities include the direct distribution of surplus food, school lunch, school milk, low-cost milk, and food stamp programs.

The production control provisions of the Agricultural Adjustment Act were invalidated by the Hoosac Mills decision of the Supreme Court. These provisions were replaced in part by the Soil Conservation and Domestic Allotment Act of February 29, 1936, which attempted to secure reduced production of surplus crops by payments for improved land use and conservation practices. It was followed by the Agricultural Adjustment Act of 1938, which stressed an "ever-normal granary" plan of balanced abundance, with non-recourse loans for cooperation, acreage allotments, compulsory marketing quotas for "basic" crops, and a goal of "parity" prices and incomes for farmers. Consumers were to be protected, and soil conservation was a major objective. This act, with many modifications, particularly the Agricultural Act of 1949, remains the basic agricultural price support and adjustment law in 1985.

World War II sent farm prices over 100 percent of parity, and high prices were guaranteed for two years after the cessation of hostilities. After this period, however, modifications of price support and adjustment legislation were marked by controversy and compromise within the Congress and Administration. The major controversy for many years was between those advocating support levels at a high fixed level of parity and those advocating flexible price supports adjusted to supply and demand.

During the 1950's, surpluses began to accumulate and policymakers looked for ways to stimulate foreign trade. The most important move was the enactment, on July 10, 1954, of the Agricultural Trade Development and Assistance Act, known as Public Law 480. The law authorized the government to make agreements for the sale of farm products for foreign currency, to make shipment for emergency relief and other aid, and to barter farm products owned by the government for materials required by the government. Public Law 480 has been modified and extended into the 1980's.

The Soil Bank, established by the Agricultural Act of 1956, was still another large-scale effort to deal with surpluses. The goal was to bring about adjustments between supply and demand for agricultural products by inducing farmers to take farmland out of production voluntarily for up to 10 years. In 1957, 50 million acres were taken out. Various other types of land withdrawal programs were in effect in the 1960's.

In 1956, an export payment in kind program began, with exporters being given surplus commodities to cover the differences between the prices they paid domestic producers and what they received on the world market. The program, in effect through 1966, was successful in encouraging exports and reducing CCC stocks.

By 1973, the demand for U.S. farm products was at a high level due to world crop shortages, rising world income and inflation. World demand, combined with export subsidies and the devaluation of the dollar, had liquidated the stocks which had been established under previous price support programs. The Agricultural and Consumer Protection Act of 1973 emphasized production to respond to "ever-growing worldwide demand for food and fiber."

Affter 1973, price and income supports ceased to be determined by parity prices, which were based upon cost and return relationships between some period in the past and present, and began being determined by target prices, which were determined by a legislative formula, based in part on domestic and world market prices, cost of production, and other factors. If the price of a covered commodity fell below the target price, the eligible producer received a deficiency payment for the difference between the market price and the target price, but not more than the difference between the loan rate and the target price.

The producer loans were supposedly set at levels which would not interfere with prices set in the market place. A price level per unit specified in the law was used to determine the limits within which the Secretary might set loan rates.

The Food and Agricultural Act of 1977 directed the Secretary to administer a farmer-owned reserve program for wheat through an extended price support loan program of 3 to 5 years duration. This program was continued by the Agriculture and Food Act of 1981 and was mandated for feed grains. A feed grain reserve had been optional under the 1977 Act.

Legislation in the 1973, 1977, and 1981 Acts was in most respects a continuation of programs and goals which had been in effect for 45 years. These included adjusting production to demand and providing farmers with price supports for their major products. The more recent legislation also provided farmers greater freedom in deciding what they grew and related price supports to recent prices and to cost of production rather than to the parity concept.

The nature of the programs at any particular time depends upon national and international economic conditions. The changes made by the legislation of the 1970's and early 1980's became possible because of world demand for American farm products and general economic prosperity at home. However, the economic recession of the 1980's, the decline in world demand for farm products, and lower prices led by 1982 to the institution of stronger voluntary acreage reductions, including PIK, and to serious consideration of more stringent production controls.

The basic reason for the continuation of the programs begun in the 1930's, is that, taken together, they have had something for nearly every segment of the farm sector and have had an appeal to many urban dwellers as well. Agrarian political leaders have made conscious efforts to balance the interests of the major commodity groups. Less obviously, they have also made appeals to urban groups, balancing farmer-oriented legislation with food stamp and other food distribution programs. In 1985, however, many groups previously indifferent to agricultural legislation will be attempting to influence the new agricultural bill.

Ultimately, of course, agricultural and food policy will be determined by the people of the United States acting through their elected Congressmen and Senators. But these decisions will come as a result of a myriad of pressures from people and groups with widely-varying perceptions of the economic goals to be sought through legislation.

1985 Food Assistance Proposals

by Joyce Allen*

The current law, that authorizes expenditures for Federal food assitance, is P.L. 95-115 which expires September 30, 1985. Congress has started the legislation process to replace this law. Todate, eight comprehensive food assistance proposals have been submitted for consideration. Each are presented in the following spreadsheet.

*The author is an agricultural economist with the Food and Agricultural Policy Branch, NED, ERS.

SELECTED 1985 FOOD ASSISTANCE PROPOSALS

		Current Law (P.L.95-113)	Administration Bill (S. 969)
Food Stamp Program	Length of authorization	Expires 9/30/85	4 years, ending 9/30/89
	Sales tax	No provision	No provision
	Workfare	Provides States and political jurisdictions with the option to operate a food stamp workfare program. (Workfare requires able bodied recipients to perform public service jobs in exchange for food stamp benefits)	Mandates a work requirement program in every State
	Block grant	No provision	Permits States to replace the Food Stamp Program with a low-income nutrition assistance grant program
	Purchase requirement	No purchase requirement. Households receive benefits free of charge	No provision

		Current Law (P.L.95-113)	Administration Bill (S. 969)
Food Stamp Program			
	Minimum benefit	Minimum monthly benefit of $10 for one and two-person households	No provision
	Adjustment of Thrifty Food Plan	Food stamp benefits are adjusted each October based on the cost of the Thrifty Food Plan in the preceeding June	No provision
	Earned income deduction	18 percent of earned income is disregarded when determining a household's eligibility and benefit level	No provision
	Dependent care and excess shelter deductions	Net monthly income is used to determine benefits. A combined deduction (currently a maximum of $134 per month) for actual dependent care costs and/or excess shelter cost is substracted from gross income to obtain net income.	No provision

		Current Law (P.L.95-113)	Administration Bill (S. 969)
Food Stamp Program	Asset Limitations	All households may have up to $1,500 worth of countable assets. Households of two or more people may have up to $3,000 if at least one member is age 60. The portion of the fair market value of a vehicle exceeding $4500 is considered an asset.	No provision
Puerto Rico Nutrition Assistance Program	Cash/noncash benefits	Requires Puerto Rico to replace its cash food assistance program with a noncash program by 10/1/85	Eliminates requirement that Puerto Rico provide noncash benefits
Commodity Supplemental Food Program	Length of Authorization	Expires 9/30/85	4 years, ending 9/30/89
Temporary Emergency Food Assistance Program	Length of Authorization	Expires 9/30/85	No provision

		Current Law (P.L.95-113)	Administration Bill (S. 969)
Commodity Distribution Program	Length of Authorization	Expires 9/30/85	4 years, ending 9/30/89
Summer Food Service Program	Sponsorship	Limited to public and private non-profit school food authorities, local municipal or county government, and private and public nonprofit residential summer camps.	No provision
	Eligibility	Program may operate only in areas where one-half or more of children are from families with income at or below 185 percent of poverty level.	No provision
School Breakfast Program	Federal reimbursement	A basic amount of Federal financial assistance is provided for all breakfasts served, whether paid, reduced-price, or free. The current rates are 65.50 cents for free breakfasts, 35.50 cents for reduced-price breakfasts, and 9.50 cents for paid breakfasts.	No provision

		Helms Bill (S. 616)	de la Garza Bill (H.R. 2100)
Food Stamp Program			
	Length of authorization	6 years, ending 9/30/91	5 years, ending 9/30/90
	Sales tax	Requires States with sales tax on food to transfer tax receipts on food purchased with food stamps to the Secretary of the Treasury	No provision
	Workfare	Mandates a workfare program in every State	No provision
	Block grant	Permits States to replace the Food Stamp Program with a low-income nutrition assistance grant program	No provision
	Purchase requirement	Restores the purchase requirement whereby a household would pay some money to receive a greater value in food stamps. Would exempt the very poor, and households containing an elderly or disabled person	No provision

		Helms Bill (S. 616)	de la Garza Bill (H.R. 2100)
Food Stamp Program	Minimum benefit	Eliminates minimum benefit	No provision
	Adjustment of Thrifty Food Plan	Delays adjustments of food stamp benefits from October 1 of each year to the following January 1	No provision
	Earned income deduction	No provision	No provision
	Dependent care and excess shelter deductions	No provision	No provision

		Helms Bill (S. 616)	de la Garza Bill (H.R. 2100)
Food Stamp Program	Asset Limitations	No provision	No provision
Puerto Rico Nutrition Assistance Program	Cash/noncash benefits	Eliminates requirement that Puerto Rico provide noncash benefits	No provision
Commodity Supplemental Food Program	Length of Authorization	No provision	2 years, ending 9/30/87
Temporary Emergency Food Assistance Program	Length of Authorization	No provision	2 years, ending 9/30/87

		Helms Bill (S. 616)	de la Garza Bill (H.R. 2100)
Commodity Distribution Program	Length of Authorization	6 years, ending 9/30/91	No provision
Summer Food Service Program	Sponsorship	No provision	No provision
	Eligibility	No provision	No provision
School Breakfast Program	Federal reimbursement	No provision	No provision
		for free breakfasts, 35.50 cents for reduced-price breakfasts, and 9.50	

		Zorinsky Bill (S. 1051)	Harkin Bill (S. 1083)
Food Stamp Program			
	Length of authorization	4 years, ending 9/30/89	4 years, ending 9/30/89
	Sales tax	No provision	No provision
	Workfare	No provision	No provision
	Block grant	No provision	No provision
	Purchase requirement	No provision	No provision

	Zorinsky Bill (S. 1051)	Harkin Bill (S. 1083)
Minimum benefit	No provision	No provision
Adjustment of Thrifty Food Plan	No provision	Bases food stamp benefits on the projected average costs of the Thrifty Food Plan in the coming year.
Earned income deduction	No provision	Raises deduction from 18 to 20 percent of earned income.
Dependent care and excess shelter deductions	No provision	Separates the dependent care/excess shelter deductions. Raises the maximum dependent care deduction to $160 per month for all child care costs incurred and raises the maximum excess shelter deduction to $175 per month.

		Zorinsky Bill (S. 1051)	Harkin Bill (S. 1083)
	Asset Limitations	No provision	Raises from $1,500 to $2,250 the liquid asset limit applied to individuals and households of two or more without elderly members. Raises from $3,000 to $3,500 the limit applied to households of two or more with an elderly member. Exempt value of a non-excluded vehicle would be increased from $4,500 to $5,500.
Puerto Rico Nutrition Assis- 7.00	Cash/noncash benefits	No provision	No provision
Commodity Supplemental Food Program	Length of Authorization	4 years, ending 9/30/89	4 years, ending 9/30/89
Temporary Emergency Food Assistance Program	Length of Authorization	2 years, ending 9/30/87	4 years, ending 9/30/89

		Zorinsky Bill (S. 1051)	Harkin Bill (S. 1083)
Commodity Distribution Program	Length of authorization	4 years, ending 9/30/89	No provision
Summer Food Service Program	Sponsorship	No provision	Permits private non-profit agencies to sponsor program.
	Eligibility	No provision	Permits program operation in areas where one-third or more of children are from families with income at or below 185 percent of poverty level.
School Breakfast Program	Federal reimbursement	No provision	Raises Federal reimbursement by 6 cents per meal
		for free breakfasts, 35.50 cents for reduced-price breakfasts, and 9.50	

		Melcher Bill (S. 1119)	Dole Bill (S. 1142)
Food Stamp Program			
	Length of authorization	4 years, ending 9/30/89	4 years, ending 9/30/89
	Sales tax	Requires States with sales tax on food to transfer tax receipts on food purchased with food stamps to the Secretary of the Treasury.	Requires States with sales tax on food to transfer tax receipts on food purchased with food stamps to the Secretary of the Treasury.
	Workfare	No provision	Requires States to operate a job search program which could include required job contacts, training and support activities such as job skills assessments, job finding clubs, and job placement services.
	Block grant	No provision	No provision
	Purchase requirement	No provision	No provision

	Melcher Bill (S. 1119)	Dole Bill (S. 1142)
Minimum benefit	No provision	No provision
Adjustment of Thrifty Food Plan	No provision concerning cost adjustment. However, this bill would authorize the Secretary to increase the amounts of food in the Thrifty Food Plan so that the nutritional value of the plan is increased by 5%.	No provision
Earned income deduction	Raises deduction from 18 to 20 percent of earned income.	Raises deduction from 18 to 20 percent of earned income.
Dependent care and excess shelter deductions	Extends current law P.L. 95-113 with minor changes	No provision

		Melcher Bill (S. 1119)	Dole Bill (S. 1142)
	Asset Limitations	Raises from $1,500 to $2,250 the liquid asset limit applied to individuals and households of two or more without elderly members. Raises from $3,000 to $3,500 the limit applied to households of two or more with and elderly member. Exempt value of a non-excluded vehicle would be increased from $4,500 to $5,500.	No provision
Puerto Rico Nutrition Assis- 7.00	Cash/noncash benefits	No provision	Eliminates requirement that Puerto Rico provide noncash benefits.
Commodity Supplemental Food Program	Length of Authorization	4 years, ending 9/30/89	4 years, ending 9/30/89
Temporary Emergency Food Assistance Program	Length of Authorization	2 years, ending 9/30/87	4 years, ending 9/30/89

		Melcher Bill (S. 1119)	Dole Bill (S. 1142)
Commodity Distribution Program	Length of authorization	4 years, ending 9/30/89	No provision
Summer Food Service Program	Sponsorship	No provision	No provision
	Eligibility	No provision	No provision
School Breakfast Program	Federal reimbursement	No provision	No provision

		Panetta Bill (H.R. 2422)
Food Stamp Program		
	Length of authorization	5 years, ending 9/30/90
	Sales tax	Prohibits any State or locality from collecting a sales tax on food stamp purchases if they wish to operate a Food Stamp Program, effective in FY 1988.
	Workfare	Requires States to have an employment program - job search, job findings club, work, workfare, training, education directly related to employability, or some other related approach.
	Block grant	No provision
	Purchase requirement	No provision

		Panetta Bill (H.R. 2422)
Food Stamp Program		
	Minimum benefit	No provision
	Adjustment of Thrifty Food Plan	Requires that the October 1 adjustment be based on the cost of the Thrifty Food Plan through the previous September 30 (would entail a 3-month projection of food costs from June 30-September 30).
	Earned income deduction	Raises deduction from 18 to 20 percent of earned income.
	Dependent care and excess shelter deductions	Raises the maximum combined excess shelter/dependent care cost deduction to $155, effective FY 1986. Establishes a separate dependent care deduction (effective FY 1987) at a maximum level of $160.

		Panetta Bill (H.R. 2422)
Food Stamp Program	Asset Limitations	Raises from $1,500 to $2,250 the liquid asset limit applied to individuals and households of two or more without elderly members. Raises from $3,000 to $3,500 the limit applied to households of two or more with an elderly member. Exempt value of a non-excluded vehicle would be increased from $4,500 to $5,500.
Puerto Rico Nutrition Assistance Program	Cash/noncash benefits	Eliminates requirement that Puerto Rico provide noncash benefits. Raises the amount of funding for the program.
Commodity Supplemental Food Program	Length of Authorization	5 years, ending 9/30/90
Temporary Emergency Food Assistance Program	Length of Authorization	2 years, ending 9/30/87

		Panetta Bill (H.R. 2422)
Commodity Distribution Program	Length of Authorization	5 years, ending 9/30/90
Summer Food Service Program	Sponsorship	No provision
	Eligibility	No provision
School Breakfast Program	Federal reimbursement	No provision
		for free breakfasts, 35.50 cents for reduced-price breakfasts, and 9.50

COMMODITY PROGRAM UPDATE

by Leroy Rude*

Commodity	1982	1983	1984	1985
Wheat				
Target price ($ per bu)	4.05	4.30	4.38	4.38
Loan level ($ per bu)	3.55	3.65	3.30	3.30
Reserve loan level ($ per bu)	4.00	1/3.65	1/3.30	N.R.
Reserve release level ($ per bu)	4.65	4.65	4.45	N.R.
Acreage reduction (percent)	15	15	20	20
Paid land diversion (percent)	--	5	10	10
Payment-in-kind (percent)	--	2/10-30	3/10-20	--
Nat'l base acreage (mil acres)	90.6	90.8	93.9	93.9
Corn				
Target price ($ per bu)	2.70	2.86	3.03	3.03
Loan level ($ per bu)	2.55	2.65	2.55	2.55
Reserve loan level ($ per bu)	2.90	1/2.65	1/2.55	N.R.
Reserve release level ($ per bu)	3.25	3.25	3.25	N.R.
Acreage reduction (percent) 4/	10	10	10	10
Paid land diversion (percent) 4/	--	10	--	--
Payment-in-kind (percent)	--	2/10-30	--	--
Nat'l base acreage (mil acres)	81.5	5/101.1	81.4	83.3
Grain Sorghum				
Target price ($ per bu)	2.60	2.72	2.88	2.88
Loan level ($ per bu)	2.42	2.52	2.42	2.42
Reserve loan level ($ per bu)	2.75	2.52	2.42	N.R.
Reserve release level ($ per bu)	3.10	3.10	3.10	N.R.
Acreage reduction (percent) 4/	10	10	10	10
Paid land diversion (percent) 4/	--	10	--	--
Payment-in-kind (percent)	--	2/10-30	--	--
Nat'l base acreage (mil acres)	17.7	5/101.1	18.4	19.9
Barley				
Target price ($ per bu)	2.60	2.60	2.60	2.60
Loan level ($ per bu)	2.08	2.16	2.08	2.08
Reserve loan level ($ per bu)	2.37	2.16	2.08	N.R.
Reserve release level ($ per bu)	2.65	2.65	2.65	N.R.
Acreage reduction (percent) 4/	10	10	10	10
Paid land diversion (percent) 4/	--	10	--	--
Nat'l base acreage (mil acres)	10.4	5/19.1	11.6	13.2
Oats				
Target price ($ per bu)	1.50	1.60	1.60	1.60
Loan level ($ per bu)	1.31	1.36	1.31	1.31
Reserve loan level ($ per bu)	1.49	1.36	1.31	N.R.
Reserve release level ($ per bu)	1.65	1.65	1.65	N.R.
Acreage reduction (percent) 4/	10	10	10	10

Continued--

*Leroy Rude is in the Food and Agricultural Policy Branch, NED, ERS an Agricultural Economist.

Commodity	1982	1983	1984	1985
Oats Cont.				
Paid land diversion (percent) 4/	--	10	--	--
Nat'l base acreage (mil acres)	10.4	5/19.1	9.9	9.9
Rye				
Loan level ($ per bu)	2.17	2.25	2.17	2.17
Soybeans				
Loan level ($ per bu)	5.02	5.02	5.02	5.02
Upland Cotton				
Target price (cents per lb)	71.00	76.00	81.00	81.00
Loan level (cents per lb) 6/	57.08	1/55.00	1/55.00	57.30
Acreage reduction (percent)	15	20	25	20
Paid land diversion (percent)	--	5	--	10
Payment-in-kind (percent)	--	2/10-30	--	--
Nat'l base acreage (mil acres)	15.3	15.4	15.6	15.8
Extra Long Staple (ELS) Cotton				
Target price (cents per lb) 6/	--	--	99.00	103.14
Loan level (cents per lb) 6/	99.89	96.25	82.50	85.95
Acreage reduction (percent)	--	--	10	10
Nat'l marketing quota (1,000 bales)	157	102	--	--
Nat'l allotment (1,000 acres)	120.2	80.1	--	--
Nat'l base acreage (1,000 acres)	--	--	68.3	66.0
Rice				
Target price ($ per cwt)	10.85	11.40	11.90	11.90
Loan level ($ per cwt)	8.14	8.14	1/8.00	1/8.00
Acreage reduction (percent)	15	15	25	20
Paid land diversion (percent)	--	5	--	15
Payment-in-kind (percent)	--	2/10-30	--	--
Nat'l base acreage (mil acres)	4.0	4.0	4.2	4.2
Flue-cured Tobacco				
Loan level (cents per lb) 6/	169.9	169.9	169.9	169.9
Effective marketing quota (mil lbs)	977	892	840	763.8
Burley Tobacco				
Loan level (cents per lb) 6/	175.1	175.1	175.1	178.8
Effective marketing quota (mil lbs)	778	641	697	541.7
Peanuts				
Loan level, quota ($ per ton) 1/	550	550	550	559
Loan level, non-quota ($ per ton)	200	185	185	148
Marketing poundage quota (1,000 tons) 7/	1,200	1,167	1,134	1,100
Wool				
Support level (cents per lb) 6/	137	153	165	173

Commodity	1982	1983	1984	1985
Mohair				
Support level (cents per lb) 6/	397.7	462.7	516.9	465.0
Sugar				
Loan level for raw cane (cents per lb)	1/17.00	17.50	17.75	18.00
Loan level for refined beets (cents per lb)	20.15	20.86	20.76	N.R.
Honey				
Loan level (cents per lb) 6/	60.4	62.2	65.8	65.3

N.R. = Not Released.

1/ Minimum allowed by law.

2/ Producers could choose any level of participation from 10 to 30 percent, inclusive. However, for upland cotton producers, the sum of the PIK acres plus the paid diversion acres could not exceed 30 percent of the base, therefore participants who elected to participate in the paid diversion would decrease their PIK acreage to 25 percent of the base. Producers also had the option of submitting bids to remove their entire crop-specific acreage base from production.

3/ Wheat PIK for 1984--wheat producers could choose any level of participation from 10 to 20 percent, inclusive.

4/ There are two established bases for the 1982-85 acreage reduction programs for feed grains: one for corn and sorghum; the other for barley and oats.

5/ Combined totals: corn and sorghum; barley and oats.

6/ Determined by statutory formula.

7/ The marketing quota was suspended by the 1981 Farm Bill, but the poundage quota was retained.

AGRICULTURE - FOOD POLICY DECISIONS UPDATE

by Lewrene Glaser, Mary Rivers and Larry Traub*

POLICY THROUGH LEGISLATION

Urgent Supplemental Appropriations, 1985-African Famine Relief.--(P.L. 99-10) This law provides urgent supplemental appropriations for the fiscal year ending September 30, 1985 for emergency famine relief and recovery in Africa. It appropriates an additional $400 million for P.L. 480 through December 13, 1985; up to $100 million may be used for inland transportation. If these funds are exhausted, $225 million is provided as an Emergency Reserve for African Famine Relief until September 30, 1986.

Also, $137.5 million is be appropriated to the Agency for International Development for "International Disaster Assistance" until March 31, 1986. For this money to be used, the House and the Senate must be notified 5 days in advance of the obligation of any funds, unless the emergency is life threatening and immediate action is necessary. $2.5 million is to be used for monitoring food and disaster assistance in Africa. In addition, $25 million is authorized for "Migration and Refugee Assistance".

This law also requires the Secretary of Agriculture to donate, through Private Voluntary Organizations, not more than 200,000 metric tons of Commodity Credit Corporation acquired commodities to African nations requiring emergency food assistance in 1985. Fifty percent of the commodities are required to be wheat or wheat products. The Corporation is require to pay transportation, handling, and other charges, including the cost of overseas delivery.

POLICY THROUGH ADMINISTRATION

Grains and Cotton Programs

Program Sign-Up Dates.--The sign-up period for farmers to participate in the wheat, feedgrains, soybeans, rice, and cotton commodity programs for this crop year was from October 15, 1984 to March 1, 1985, with an extension to April 1, 1985. The additional month was provided as extra time for producers to plan their farm credit needs for the 1985 planting season.

Farmer-Owned Reserve.--Oats in farmer-owned grain reserve remained in release status through January and February 1985. Reserve oats were briefly removed from release status during the beginning of March, when the March 1 national average adjusted price ($1.64 per bushel) fell below the reserve release level ($1.65 per bushel). The oats were returned to release status on March 6, when the national average adjusted price reached $1.65 per bushel. Reserve oats remained in release status through April. On May 2, it was again removed from release status. As of May 1, the national average adjusted price of $1.61 per bushel was 4 cents below the reserve release level. Removal from release status means that producers cannot repay their loans without penalty.

---

* Lewrene Glaser, Mary Rivers and Larry Traub are economists with the Food and Agricultural Policy Branch, NED, ERS.

On January 23, Secretary Block announced that wheat producers with maturing 1984-crop regular loans could place their crop in the farmer-owned reserve. A storage rate of $.265 per bushel and no reserve minimum would apply. Farmers would not be permitted to convert existing and maturing wheat reserve loans into the existing Wheat Reserve VI. The trigger release level would be $4.45 per bushel, which was the same as for the 1983 crop.

Secretary Block announced on January 24 that feedgrain producers with maturing 1984-crop barley, corn, and sorghum regular loans could place their crops in the farmer-owned reserve. Also, producers with regular oats loans could place their crops in the reserve if the oat reserve is not in release status when the regular loan matures. Storage rates are $.265 per bushel for corn and barley, $.20 per bushel for oats and $.4732 per hundredweight for sorghum. No reserve minimum would apply. Farmers would not be permitted to convert existing and maturing feedgrain reserve loans into the existing reserve. The trigger release levels were set at $3.25 per bushel for corn, $2.65 per bushel for barley, $1.65 per bushel for oats, and $5.54 per hundredweight for sorghum.

<u>County Loan and Purchase Rates for Wheat and Barley</u>.--The USDA issued county loan and purchase rates for 1985-crop wheat and barley on April 26, based on the national average rates of $3.30 per bushel for No. 1 grade wheat and $2.08 per bushel for barley graded No. 2 or better.

<u>Cotton Deficiency Payments</u>.--On February 1, USDA announced that eligible upland cotton farmers would receive deficiency payments at the rate of 18.6 cents per pound on their 1984 production. This rate is equal to the difference between the target price of 81 cents per pound and the national average price of 62.4 cents per pound received by farmers during calendar year 1984. On March 10, USDA announced that producers of ELS (extra long staple) cotton would receive deficiency payments at the rate of 6.5 cents per pound on their 1984 production. This deficiency payment rate is also equal to the difference between the target price (99 cents per pound) and the national average price received by producers from August 1984 through March 1985 (92.5 cents per pound).

<u>Proposals on Grain Additives and Inspection Services</u>.--A proposal made by USDA would require certification of additives applied to officially inspected grain and provide two options for certifying insect-infested grain in railcars and trucks. The proposal would allow the use of water- and mineral oil-based insecticides, dust suppressants, nontoxic dyes and other additives on officially weighed grain, and require certification for all additives used. When additives are applied after weighing of outbound grain and before weighing of inbound grain, the type of additive and reason for use be stated on the official certificate. Other additives that may alter the identity of the official weight are not permitted. USDA would certify infested carriers either with a special grade designation indicating the carrier is infested, or, if fumigated according to USDA instructions, without the special grade designation. In addition, the special grade designation "Weevily" would be replaced with the special grade designation "Infested". The proposal would update federal regulations to reflect current inspection procedures and market practices.

On April 19, USDA proposed changes in regulations detailing the kinds of services and types of official grain inspection certificates provided by its Federal Grain Inspection Service. Proposed changes include: eliminating the use of multiple certificates when portions of shipment do not meet inspection requirements; making stowage exams before loading of outbound, intracompany grain barge shipments voluntary instead of mandatory; providing waivers that would allow requests for reinspections or appeals to be made on a grain carrier after it has left the service point where original inspection was performed; and revising procedures that reverify test weights used to keep approved scales within tolerance, and that test rail and truck scales.

USDA Standards.--Beginning April 14, 1986, USDA will no longer use the special grade "Tough" nor "U.S. Sample Grade" to describe high-moisture oats. The official certificate, however, will still be required to state the moisture content of the oats. The revised rule also sets limits for items other than grain in a sample that cause the oats to be graded "U.S. Sample Grade."

USDA will change its inspection standards for triticale on May 1, 1986. Revised standards will make triticale that contains 1 or more castor beans grade "U.S. Sample Grade" and will eliminate the use of smut as a condition causing the grain to become "U.S. Sample Grade." The revision will continue to indicate the presence of smut on inspection certificates with the use of the special grades "Light Smutty" and "Smutty."

As of July 13, 1986, USDA will no longer grade flaxseed "U.S. Sample Grade" when moisture content exceeds 9.5 percent. The standards will continue to require official inspection certificates to state moisture content. The revised flaxseed standards will include new definitions for flaxseed, distinctly low quality, and other grains; provisions for temporary modification of equipment and procedures during adverse growing or harvesting conditions; procedures for rounding percentages; and limits for items other than grain that cause a sample to grade "U.S. Sample Grade".

Proposed changes of the American Pima cotton standards would reduce the number of physical grades from 9 to 6. USDA said that the proposed standards would provide a more accurate description of the American Pima cotton crop. Nearly all of the American Pima cotton in recent years has been graded into only 3 of the 10 grades, so some of the existing grades would be consolidated. USDA also proposed to widen the color range within each of the new standards. The proposed standards would encompass a significant portion of the crop having too much of a creamy-yellow color to fit within the current standards. The proposal, if adopted, would become effective July 1, 1986.

Corn Moisture Methods.--A subcommittee of USDA's Grain Inspection Advisory Committee reviewed laboratory methods used in official testing of moisture in corn at a June 10 public meeting. The subcommittee examined methods that are more accurate than the USDA air oven method for determining corn moisture. The current USDA method of drying whole kernal samples for 72 hours at 103°C understates moisture content by 0.7 percent when compared with other reference methods.

1985 Acreage Reduction Report.--On April 5, a report was issued by USDA, which showed that farmers had signed contracts to place 165.6 million acres of upland cotton, extra long staple cotton, feedgrains, rice, and wheat base acreage in

the 1985 acreage reduction programs. The signed up acreage represent 69 percent of the 239.8 million acres of total base acreage. Farmers who signed up agreed to reduce their base acreage plantings by at least 10 percent for feedgrains and extra long staple cotton (ELS), 30 percent for wheat and upland cotton, and 35 percent for rice. Cropland taken out of production must be devoted to an acreage conservation reserve. Participating producers will be eligible for program benefits such as CCC loans and purchases, and target price protection. The 1985-crop national average loan rates are: barley, $2.08 per bushel; corn, $2.55 per bushel; oats, $1.31 per bushel; sorghum, $2.42 per bushel; wheat, $3.30 per bushel; rice, $8.00 per hundredweight; upland cotton, 57.3 cents per pound; and ELS cotton, 85.95 cents per pound. Target prices for the 1985 crops are: barley, $2.60 per bushel; corn, $3.03 per bushel; oats, $1.60 per bushel; sorghum, $2.88 per bushel; wheat, $4.38 per bushel; rice, $11.90 per hundredweight; upland cotton, .81 cents per pound; and ELS cotton, $1.0314 per pound.

Grain Industry Recordkeeping.--On January 7, USDA announced a proposal that would reduce federal recordkeeping requirements significantly on grain merchants and elevator owners and operators. The proposal would eliminate complex preparation and maintenance requirements currently in place. It would also permit the industry to retain records for 2 years instead of 3. Another provision would formally prohibit unauthorized disclosure of business information.

Oilseeds and Tobacco

Soybean Standards Revised.--Effective September 9, 1985 the number of soybean classes will be reduced from 5 to 2. The Green, Black and Brown classes will be eliminated, while retaining the Yellow and Mixed classes. Test weight will be retained as a grade determining factor. The final rule also sets limits for impurities, such as grass or weed seeds, that would cause soybeans to be graded "U.S. Sample Grade".

Price Support Levels for 1985 Peanuts.--Price support levels by (type, quality, and location) for the 1985 peanut crop are based on national levels of $559 per short ton for quota peanuts and $148 per ton for additional peanuts. Quota support level by type, for an average grade ton of 1985-crop peanuts will be: $543.02 for Virginia-type peanuts; $565.91 for Runner-type peanuts; $539.24 for Spanish-type peanuts; $543.02 for Valencia-type peanuts from the Southwest area which are suitable for cleaning and roasting; and $539.24 for other Valencias. The method of computing differentials for the 1985 crop is the same as for the 1984 crop, except that a 4-year statistical base was used to project the expected percentages of extra large kernals in a ton of Virginia-type peanuts. The loan value for additional peanuts is 26.48 percent of the applicable quota rate representing the ratio of the $148 per ton national support level for additional peanuts to the $559 per ton national support level for quota peanuts. Additional peanuts are those grown in addition to a farm's poundage quota or those grown on a farm with no poundage quota.

Flue-Cured Tobacco.--The 1985 national marketing quota for flue-cured tobacco will be 775 million pounds, about 3.7 percent below the 1984 quota. Overmarketings are estimated to exceed net undermarketings by 20 million pounds,

making the 1985 effective quota about 755 million pounds, or 77 million pounds below the 1984 effective quota. Under the tobacco program, farmers who produce more than their quota of tobacco in one year (an overmarketing), must undermarket that amount the following year. As a condition of price support eligibility for the 1985 flue-cured tobacco crop, producers must also contribute 25 cents per pound to a no-net-cost fund. The 25 cent contribution, an increase of 18 cents over last year, and is necessary to cover projected losses on the 1982 through 1985 crops.

A flue-cured tobacco variety, Reams 266, has been designated as a discount variety. This means that Reams 266 will be supported at a level that is 50 percent of the price support level established for acceptable varieties. Discount varieties of flue-cured tobacco have low acceptability to the trade and do not have the same commercial value as non-discount varieties.

Burley Tobacco.--The 1985 national marketing quota for burley tobacco is 525 million pounds, 10 percent below the 1984 quota. Overmarketings are estimated to exceed net undermarketings by 5 million pounds, making the 1985 effective quota 520 million pounds, about 24 percent less than the 1984 effective quota. The reduction is the maximum permitted under law. Supplies of burley tobacco--the quantity on hand at the start of the 1984 marketing year plus 1984 marketings--are about 491 million pounds in excess of the reserve supply level. The reserve supply level is the quantity considered adequate to meet estimated domestic use and export needs. Current legislation provides for reducing the quota when supplies exceed the reserve supply level.

As a condition of eligibility for price support on 1985 burley tobacco, producers must agree to contribute an assessment of 30 cents per pound to a no-net-cost tobacco account. The assessments are intended to ensure that the tobacco support program will be operated at no net cost to taxpayers as required by the No Net Cost Tobacco Program Act of 1982. The 30 cent assessment is an increase of 21 cents over last year, and is necessary to cover projected losses on the 1982 through 1985 crops.

Virginia Fire and Sun Cured Tobacco.--The loan rate schedule for Virginia fire-cured tobacco is based on the 1984 average support level of $1.188 per pound, the same as the 1983 price support level. Grade loan rates will range from 61 cents to $1.98 per pound. The loan rate schedule for Virginia sun-cured tobacco is based on the average level of support of $1.094 per pound, again the same as the 1983 price support level. Grade loan rates will range from 76 cents to $1.84 per pound. Only original producers are eligible for price support under the program. As a further condition of eligibility, producers must contribute to a no-net-cost tobacco account. Assessments are 10 cents per pound for fire-cured and 3 cents per pound for sun-cured tobacco.

Cigar Tobacco.--Grade loan rates for various grades of 1984-crop cigar binder and filler tobaccos are based on the national average support rates of 90.7 cents per pound and are unchanged from 1983. Rates for Ohio filler (types 42-44) tobacco range from 56 to 95 cents per pound; for Wisconsin type 54, from 15 cents to $1.02 per pound; and for northern Wisconsin type 55, from 46 cents to $1.20 per pound. Associations receiving tobacco for price support will deduct assessments for no-net-cost tobacco accounts from amounts paid producers.

Puerto Rican Tobacco.--Schedules of grade loan rates for 1984-crop Puerto Rican (type 46) tobacco are based on an average price support level of 74 cents per pound, a reduction of 16.9 cents per pound from the 1983 level of 90.9 cents. The loan rates range from 80.5 to 26.0 cents per pound. As a condition of price support eligibility, producers of Puerto Rican tobacco must contribute 52 cents per pound for tobacco marketed to a no-net-cost tobacco account.

Tobacco Acreage Allotments.--USDA announced on January 24 acreage allotments for six kinds of tobacco. Allotments for Kentucky-Tennessee fire-cured, Virginia fire-cured and Virginia sun-cured tobaccos were lowered 10 percent. Allotments for dark air-cured tobacco were lowered 15 percent. Allotments for cigar binder (types 51-52) and for filler and binder (types 42-44 and 53-55) remain unchanged from 1984.

Results of Mail Referendum.--Growers of fire-cured tobacco (types 21-24) approved marketing quotas for the 1985 through 1987 crops. Fire-cured tobacco is grown primarily in Kentucky, Tennessee and Virginia. Growers of dark air-cured tobacco (types 35-36) also approved marketing quotas for the 1985 through 1987 crops. Dark air-cured tobacco is grown primarily in Kentucky and Tennessee. For the second time in 2 years, however, growers disapproved marketing quotas for cigar binder types 51 and 52 tobacco and thus are ineligible for federal price supports for the 1985 crop. Cigar binder types 51 and 52 are produced in Connecticut and Massachusetts.

Fruits and Vegetables

USDA Standards.--On February 20, USDA revised its standards for grades of Bermuda-Granex-Grano type onions in a move to adjust the size requirements to bring them in line with current marketing practices. The revision changes the terminology and size requirements for Bermuda-Granex-Grano onions to be generally the same as those for Northern Grown types. Closer alignment of the size requirements will facilitate trading, particularly for shippers and handlers who market both types of onions.

On April 13, USDA revised its uniformity of size standards for grades of canned sweetpotatoes. The new size measurement is based on 95 percent of the most uniform sweetpotatoes, up from the previous 90 percent base. The standards were changed at the request of the canned sweetpotato industry.

USDA has proposed to revise the voluntary U.S. standards for grades of canned tomato juice and to establish standards for grades of tomato juice from concentrate. The proposed rule would improve the standards and promote orderly and efficient marketing of tomato juice and tomato juice from concentrate by establishing separate standards for grades of tomato juice from concentrate, modernizing the format of the standards to include definitions of terms and easy-to-read tables, removing the word "canned" from the canned tomato juice grade standards since other types of containers are now being used, and redesignating the grade name "U.S. Grade C" to "U.S. Grade B" with no quality change. This proposal was developed at the request of major segments of the tomato juice industry.

A revisal of standards for grades of canned clingstone peaches was also proposed by USDA. The proposed regulations would return to the "variable

standards" used prior to 1978 when "attribute standards" were adopted. Major segments of the industry say the change would allow more orderly marketing of canned clingstone peaches.

Also up for revision are the standards for grades of canned carrots and canned beets. The proposed rule would lower the recommended minimum drained weights for all styles of canned carrots and beets packed in the No. 10 can size. The change in the standards was requested by industry and would reflect current manufacturing practices.

Potato Commission.--On December 21, 1984, Secretary Block announced his intention to form a national advisory commission to examine and make recommendations concerning economic and trade problems facing the U.S. potato industry. The commission would consist of representatives of USDA and the potato industry.

Border Closed to Mexican Citrus.--On January 7, USDA closed the U.S. border indefinitely to Mexican tangerines, oranges and grapefruit, after finding Mexican fruit fly larvae in significant numbers of citrus shipments presented for import. The ban will remain in effect until larval levels are reduced. Persian limes and mangoes are not included in the ban. Key limes and all citrus from citrus canker-infested Mexican states are already prohibited entry.

Federal Citrus Canker Indemnification.--Federal share of indemnity payments to be paid to Florida citrus growers and nursery operators, whose plants were destroyed to eradicate citrus canker, will be 50 percent of the replacement value established by state and federal economists and citrus experts. Based on stock destroyed since October 17, 1984 and stock identified for destruction, the total indemnity cost to USDA will be about $3.8 million. USDA will also continue to pay 50 percent of total program costs (including indemnities) with the State paying the balance.

Sugar and Sweeteners

Modification of 1984/85 Sugar Import Quota Period.--The 1984/85 sugar import quota year was changed from October 1, 1984-September 30, 1985 to October 1, 1984-November 30, 1985. This change was made in order to correct an imbalance in the domestic sugar supply situation brought about by a larger than expected high fructose corn syrup displacement of sugar consumption and higher than anticipated beet sugar production during 1983/84.

Margarine Sweeteners.--USDA now allows manufacturers of animal-fat based margarines and oleomargarines to use any nutritive carbohydrate sweetener currently approved by the Food and Drug Administration for use in vegetable-oil based margarines. The previous margarine standards, in effect since December 22, 1983, limited acceptable sweeteners to those listed in the regulations. The revision brings USDA's standards for animal-fat based margarines into line with the international margarine standards set by the Codex Alimentarius Commission, which is sponsored by the United Nation's World Health Organization and Food and Agriculture Organization.

Import Fee Suspended on Raw Sugar.--USDA announced on March 29 that import fees on raw sugar and the imposition of a 1-cent per pound import fee on refined

sugar were suspended. The import fee on raw sugar previously was set at 2.7185 cents per pound and the fee for refined sugar was 3.7185 cents per pound for the April-June 1985 quarter. The suspension is effective pending investigation and recommendations by the U.S. International Trade Commission. Secretary Block said that the reason for ending the adjustable fee system is that, under present market conditions, the system would be counter-productive to the sugar price support program it is intended to protect.

Crop Honey Loan and Purchase Rates.--Honey producers will receive average loan and purchase rates of 65.3 cents per pound on their 1985 production, 0.5 cents below the 1984 level. The price support rates represent 60 percent of the April 1985 adjusted parity price of 1.087 cents per pound, the minimum required under legislation. Extracted honey is honey which has been separated from the comb. Extracted honey loan and purchase rates will range from 68.5 cents to 53.5 cents per pound, depending on color and class.

Extracted Honey Standards.--A final rule revising the voluntary U.S. grade standards for extracted honey became effective May 23. The final rule provides for the addition of a style for strained honey, expands and updates the values for soluble solids, removes the screen test method for determination of defects, changes the tolerance for color designations to be in line with the tolerance for grade determinations, replaces dual grade nomenclature with single letter grade designations, and changes the format of the standards to include definitions of terms and easy-to-read tables. The new standards were developed by USDA at the request of major segments of the honey industry.

Easing of Sugar Import Restrictions.--On May 17, USDA announced that President Reagan has changed the quotas established by Proclamation No. 5294 of January 28, 1985, to allow certain sugar-containing products to once again be imported. The products now permitted entry are: articles in retail packages, if not dry mixtures; articles in retail packages, if not dry mixtures containing 10 percent or less sugar by dry weight; articles in bulk, whether or not dry mixtures, containing 10 percent or less sugar; certain cake decorations containing 65 percent or less sugar by dry weight; crushed coconut meat or juice thereof, with added sugar, containing 65 percent of less sugar by dry weight; and minced seafood preparations containing 20 percent or less sugar by dry weight. This action is effective pending an investigation of the International Trade Commission.

Livestock

Wool and Mohair Support Prices.--Support prices for wool and mohair for 1985 marketings are $1.73 per pound for shorn wool and $4.65 per pound for mohair. The 1984 support prices were $1.65 for wool and $5.169 for mohair. Pulled wool will continue to be supported at a level comparable to the support price for shorn wool through payments on unshorn lambs.

Identification Devices for Cattle and Swine.--On April 12, USDA made a proposal that would require individual identification devices worn by cattle and swine remain on animals moved interstate, from point of origin to final destination. Current regulations require that the identification devices remain on the animals only for actual interstate movement. The devices include eartags,

backtags, brands and tattoos. The goal of the requirement is to increase the ability to pinpoint the source of disease or take quick action to remedy other problems.

Grazing Fees.--Livestock grazing fees on national forests and grasslands in 17 western states have been reduced slightly for 1985. The grazing fees will be $1.35 per animal month, 2 cents less than in 1984, on national forests and grassland in Idaho and Oregon, and on national forests in Arizona, California, Colorado, Montana, Nevada, Nebraska, New Mexico, Oklahoma, South Dakota, Utah, Washington, and Wyoming. The grazing fee will be $2.50 per animal month, 12 cents less than in 1984, for national grasslands in Colorado, Kansas, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming. An animal month is the grazing of 1 cow, horse, mule, or burro, or 5 sheep for 1 month. The fees are determined by a formula established for a seven-year trial period by the Public Rangelands Improvement Act of 1978. The formula considers the rates for leasing private grazing lands, the difference between total costs of grazing on public and private lands, beef cattle prices, and the costs of producing livestock.

Haying and Grazing of 1985 Conservation Reserve Acres.--Farmers in areas where severe weather conditions have led to a critical lack of hay supplies will be permitted to hay and graze 1985 conservation reserve acreage. State ASCS officials determine eligible counties.

Draft Grazing Fee Report.--The various alternatives for determining fees for grazing livestock on more than 300 million acres in federal land are presented in a draft report issued March 28. The report considers the existing fee formula as well as 5 other alternatives. These include a modification of the current formula using base values from 1984 and updating it annually on the basis of changes in forage values, cattle prices, and costs; a fee system that recognizes nonfee costs such as maintenance and death losses; a fee based on livestock prices; a modified market value fee based on rental prices of comparable private land; and competitive bidding for grazing permits. The report was prepared jointly by the Forest Service and the Department of the Interior's Bureau of Land Management in accordance with the Public Rangelands Improvement Act of 1978. After reviewing the report and recommendations, Congress will establish a grazing fee formula to be used in setting grazing fees beginning with the 1986 grazing season.

Bovine Tuberculosis.--On January 15, USDA recognized Pennsylvania as the 27th state to eradicate bovine tuberculosis, and on February 6, Indiana was recognized as the 28th state. To qualify as TB-free, a state must remain free of infection for at least 5 years. In addition, it must conduct a strong surveillance program and enforce livestock and animal identification laws that allow tracing infection to source herds.

Brucellosis.--USDA recognized Minnesota as the 19th state to become free of cattle brucellosis. Kansas, Georgia, and Tennessee have advanced from Class B to Class A, which means they have lowered their herd infection rates to fewer than 2.5 infected herds per 1,000. Brucellosis is an infectious, bacterial disease of cattle and other animals.

On March 15, USDA proposed to stop the payment of brucellosis indeminities to owners who fail to accept a plan for controlling and eliminating the disease in

their herds. Currently, indemnities are paid for cattle, bison and swine that are destroyed to control and eradicate brucellosis. Amounts vary from $10 for swine to $250 for registered cattle.

Avian Influenza Surveillance Ended.--On April 2, USDA marked the conclusion of Poultry Watch, a surveillance program that was part of the avian influenza eradication program. During the 11-month eradication effort, more than 17 million birds in 452 flocks were destroyed, primarily in Pennsylvania and Virginia. The cost of the program to the Federal government was $64.5 million. A USDA study of the economic impact of avian influenza on the poultry industry concluded that if the disease had become widespread on the East coast and if there were no federal eradication program, affected producers could have sustained direct production losses of $507.5 million in the first 6 months of the outbreak. Consumers would have had to pay approximately $2.2 million more for reduced quantities of poultry products during that time.

Pseudorabies Regulations Eased.--USDA has re-proposed changes in federal shipping rules to allow the livestock industry more latitude for interstate movement of swine in order to control the spread of pseudorabies in swine. This is a republication of a proposal made 2 years ago and clarifies the current regulation, removes inconsistencies, and brings the regulation in line with current industry practices. Pseudorabies is a virus generally fatal to newborn pigs. Swine can transmit the disease to most other warm-blooded animals, but not to humans.

Importation of Animal Embryos.--USDA has proposed to establish regulations for importing livestock embryos into the U.S. Until now, import regulations have only dealt with live animals, animal products and, semen. Because there are no provisions for embryos, they cannot be imported here. According to the new proposal, animal embryos can be collected and frozen in another country, shipped to the U.S. and implanted in animals here, provided the importers obtain a permit from USDA. Collection procedures would be approved and supervised by government veterinarians in the country of origin.

National Poultry Improvement Plan.--The National Poultry Improvement Plan has updated its procedures for controlling poultry diseases by officially recognizing flocks, hatcheries, and dealers that meet the Plan's disease-control standards. The Plan is funded principally by states and industry. Since the Plan is voluntary, its rules apply only to those hatcheries, breeders, and dealers who participate. The new changes in the Plan include establishment of criteria for classifying turkey breeding flocks as Mycoplasma synoviae-clean; allowance of classifying breeding flocks of waterfowl and exhibition poultry as pullorum-typhoid clean with less than annual test of 300 birds under certain conditions; establishment of criteria for classifying states as Mycoplasma gallisepticum-clean for meat-type chickens; establishment of criteria for allowing egg yolk testing as a monitoring test for mycoplasma infections in multiplier chickens breeding flocks; allowance of the use of the ELISA test and other tests for monitoring mycoplasma infections in chicken and turkey breeding flocks; recognition of the Arizona group of bacteria as part of the Salmonella family; and institution of procedures for filling vacancies in certain positions on the Plan's General Conference Committee.

"Split Manufacture" of American Biologics.--USDA announced November 20, 1984 that firms making animal biologics can now share production and marketing of

these products with other manufacturers. Animal biologics are vaccines, serums, and similar materials that provide short- or long-term protection to animals against disease. Previously "split manufacture" of these materials was restricted to establishments with common ownership. Under the revised regulations, USDA will license plants to make finished products, products for further manufacture, or both.

Pet Food Requirements.--On December 5, USDA allowed pet food manufacturers greater flexibility in labeling products containing meat or poultry, but strengthened the controls to prevent the products from being mistaken as human food. Under the revised rule, producers who manufacture pet food containing more than 5 percent meat and poultry can use 1 of the 3 options for labeling products. The words indicating the product is animal food--"Dog Food," for example--must be twice the size of those indicating the presence of any meat ingredient. If the product name includes any words that might lead consumers to mistake it for human food--such as "Beef Stew for Dogs"--the entire product name must be rewritten with the same size type. Finally, if the label includes a clear illustration of the animal for which the food is intended, the words that indicate the product is for animals--for instance, "for dogs"--must be at least half the size of the product name.

Overtime Inspection Rates.--Effective January 6, the USDA increased overtime inspection rates charged to meat and poultry plants from $21.00 to $21.72 per hour. In addition, the hourly rate for voluntary inspection and certification services increased from $17.96 to $18.60, and the charge for laboratory work from $34.68 to $35.92. Under Federal meat and poultry inspection laws, the USDA must assume all inspection costs during routine working hours in plants producing meat and poultry products for interstate or foreign commerce. However, USDA is authorized to charge plants for all mandatory inspection services exceeding 8 hours per day or 40 hours per week, all laboratory work and all voluntary inspection and certification services.

Pork Carcass and Slaughter Hog Grade Standards.-- U.S. standards for grades of barrow and gilt carcasses and slaughter barrows and gilts were revised effective January 13. The revised grades simplify the application of the standards, more accurately reflect actual yields of lean cuts, and more evenly distribute carcasses among several grades. This is achieved by basing the grade on the backfat thickness over the last rib, with an adjustment up or down for superior or inferior muscling, respectively.

Charges for Egg, Poultry and Rabbit Gradings.--On February 1, USDA increased the change for Federal voluntary egg products inspection; egg, poultry and rabbit grading; laboratory services; and Federal mandatory egg products inspection overtime and appeal services. The rates were changed to reflect the increased costs of providing these services. To cover the cost of the grade in the plant, the hourly rate was increased from $14.32 to $15.44. The hourly rate for nonresident voluntary service was increased from $20.76 to $21.88. The premium rate was increased from $21.64 to $23.68. The per hour costs for laboratory services was increased from $24.24 to $25.48. The administrative volume charge of $0.025 per case of eggs and $0.00025 per pound for poultry remains unchanged. The hourly rate for mandatory overtime egg products inspection services was increased from $17.20 to $17.32, and the hourly rate for certain mandatory appeal egg product inspections was increased from $17.32 to $19.92.

Buffalo Inspection.--On March 18, USDA proposed to allow more flexibility in the federal inspection of buffalo before slaughter. Under this proposal, USDA inspectors could examine buffalo before slaughter either on the producer's premises, from outside the transport vehicle, or in a pen at the plant. Buffalo could also be stunned, bled, and ear-tagged on the producer's premises, and immediately transported to the slaughtering plant. Evisceration and inspection of buffalo after slaughter would continue inside the plant. The proposed rule was developed in response to a petition from the National Buffalo Association and the American Buffalo Association to improve the marketing of buffalo meat products.

Meat Grading Charges.--The hourly rate fee charged for USDA meat grading and certification services was revised on an interim basis effective March 31. Meatpackers and processors will be charged $26.40 for services of 8 hours or less per day between the hours of 6 a.m. and 6 p.m., Monday through Friday; $34.40 for services in excess of 8 hours per day between the hours of 6 a.m. and 6 p.m., or after 6 p.m., Monday through Friday, any time on Saturday and Sunday; and $52.80 for the hours a meat grader is utilized on federal holidays. Meat grading and certification are voluntary services provided to meatpackers and processors for a fee that is required by law to be approximately equal to the cost of providing the services. Fees were implemented on an interim basis without prior approval because of the need for AMS to collect revenue immediately to cover increased costs.

Poultry Retail Sales Exemption Increased.--On March 28, USDA increased the dollar value of poultry products from $25,500 to $28,800 that retailers can sell to hotels, restaurants, and similar institutional customers without Federal inspection. The dollar limit for meat products remains at its present $28,800 level. Under Federal law, meat and poultry retailers are exempt from Federal inspection if their total dollar sales do not exceed specified annual limits and if the percentage of their meat and poultry sales to institutional customers does not exceed 25 percent of their total annual sales.

Meat Product Controls.--On April 17, USDA meat graders and supervisors were granted the authority to control the movement and use of meat and meat products not in compliance with grading and certification regulations. The authority is necessary to ensure that noncomplying products are not processed into certified products or incorrectly labeled and subsequently marketed through commercial channels. Noncomplying products cannot be used, moved, or altered in any manner without the expressed permission of an authorized USDA employee.

Accreditation of Laboratories.--The USDA is proposing formal accreditation standards for private and state laboratories that perform official tests on meat and poultry as part of the Federal inspection process. The proposed rule would formalize the standards laboratories must meet to obtain and maintain accreditation and to be reinstated should accreditation be withdrawn. Accreditation assures that laboratory performance meets the same standards USDA requires of its own laboratories. The proposal would also combine the existing programs for "recognized" laboratories, which are approved for residue testing and "certified" laboratories, which are approved for content analysis. The program could save USDA about $500,000 annually because the government would be performing fewer tests due to the increased number of accredited laboratories.

Sulfa Residues in Swine.--The USDA is developing new tests that could better control sulfa residues in slaughtered hogs. Pork with more than 0.1 parts per million sulfa is adulterated under their law and must be condemned. The program is expected to include: routine in-plant testing of hogs for sulfas; retention at the slaughterhouse of entire hog shipments for laboratory analysis if routine testing reveals sulfa residues; condemnation of pork proven by laboratory analysis to have violative sulfa levels; controls of the disposition of condemned carcasses; and intensified testing of hogs from sources that previously marketed animals with violative sulfa residue levels.

Inspection Brands.--Effective June 24, USDA is tightening its control over the production of meat inspection branding devices to give further assurance that uninspected products do not enter market channels. Branding devices are used to stamp meat carcasses that have been Federally inspected and passed. Under the new rule, manufacturers of branding devices must obtain authorization certificates from USDA before making any brands. Branding devices must be marked with a permanent identifying number, which will be recorded on the certificate. Current regulations allow the manufacture of brand samples for USDA approval. Once the sample is approved, additional copies may be manufactured without obtaining further approval. USDA has no way of ensuring that these samples go directly to inspectors. The new rule will require brand manufacturers to send permanently marked brands and a copy of the certificate to the USDA inspector.

Swine Inspection Procedures Extended.--USDA is formally adopting modernized inspection procedures in all swine slaughtering plants. The procedures, already in effect at larger plants (3 or more inspectors), will be extended to smaller plants (1 or 2 inspectors). The rule change will become effective July 12 and will affect approximately 700 swine slaughtering plants. It is based on a regulation implemented in 1982 that allowed larger plants to use streamlined inspection procedures. These procedures place greater reliance on visual inspection rather than palpation of internal organs, and they allow the use of a mirror for outside carcass observation.

Meat Substances Approved.--Effective July 12, USDA will permit the use of 2 substances for meat that are generally recognized as safe by the Food and Drug Administration for use in other foods. Under the new regulations, meat packers can spray freshly dressed carcasses with an edible coating that reduces water loss and shrinkage, and meat processors can use agar-agar as a stabilizer and thickener in canned, jellied meat products. The meat spray also slows surface deterioration of meat, improves the surface for later grade marking, and eliminates the need to cover carcasses with an expensive fabric coating. Agar-agar is a gelling agent derived from seaweed and currently is used only as a packing jelly in such meat products as canned beef tongue. These regulations were developed in response to petitions presented to USDA from firms in private industry.

Trichina Control.--Federally inspected meat plants will be allowed by the USDA to use additional processing methods to destroy any trichina parasites that may be present in ready-to-eat pork products, effective August 6. The decision to permit the use of additional methods is based on research showing that the parasites can be destroyed by more methods than are prescribed in USDA regulations. The new provisions would permit plants using heat for trichina destruction to use 13 cooking temperatures, each with a specified

holding time, instead of limiting them to the 1 temperature (137°F) now permitted; permit plants to petition USDA for approval of alternative trichina-control treatments proven effective; and exempt pork from processing requirements if the meat is shown to be free of trichina.

Dairy

Denial of Amendments to Federal Milk Orders.—On March 19, USDA recommended that a proposal to amend the classified pricing provision of all 45 federal milk marketing orders be denied. The amendments would have provided for a separate pricing class in the orders for milk used to produce butter and nonfat dry milk. This would have permitted milk used in such products to be priced below the Minnesota-Wisconsin manufacturing milk price when the market value of the products drop relative to cheese. The denied amendments were proposed by the National Milk Producers Federation, an association that represents most of the dairy cooperatives in the nation. USDA's Agricultural Marketing Service said that there was no indication that handlers of such milk would likely incur significant losses because of current order prices.

Dairy Price Support.—USDA reduced the national support price for milk from $12.60 to $12.10 per hundredweight on April 1. At the same time, producers were relieved of the $0.50 per hundredweight deduction required by the Dairy and Tobacco Adjustment Act of 1983. The support price was reduced under provisions of the 1983 Act, which authorized the Secretary of Agriculture to lower the support price on April 1 if Commodity Credit Corporation purchases of butter, cheese, and nonfat dry milk were estimated to exceed 6 billion pounds of milk equivalent in the next 12 months.

Dairy Promotion Referendum.—On April 17, USDA announced that a referendum among dairy farmers will be held some time in the 60-day period beginning August 1 to determine whether the Dairy Promotion and Research Program should be continued after September 30. USDA is required to conduct the referendum under the provisions of the Dairy Tobacco Adjustment Act of 1983. All dairy farmers who were engaged in the production of milk for commercial use during April 1985 will be eligible to vote. A majority of the dairy farmers voting must favor continuation of the program for it to remain in effect. The Program is financed by a 15-cent per hundredweight assessment on all milk produced and marketed commerically in the contiguous 48 states and is administered by a board of 36 dairy farmers appointed by the Secretary of Agriculture.

Natural Resources

Small Business Timber Purchases.—On November 27, 1984 the Forest Service proposed changes that would affect the methods used to determine how much timber to make available to small businesses in various regions of the country. The Small Business Timber Set-aside Program was established in 1971 under the Small Business Act to ensure that a portion of timber on national forests is made available for purchase and harvest by business firms with 500 or less employees. The proposed changes are a result of review of the program by the

Forest Service and the Small Business Administration. Information on the changes is available from the Forest Service's timber management staff (Forest Service, USDA, P.O. Box 2417, Washington, D.C. 20013 or 202-447-4051).

Interchange of Lands.--A proposal by USDA and the U.S. Department of the Interior on January 30 to interchange about 35 million acres of national forests and public lands is intended to enhance public service, improve administrative efficiency, and save money by consolidating management of blocks of lands between the 2 agencies. Also in the proposal is a transfer to the Forest Service of the responsibility for Federal minerals within areas of Forest Service jurisdiction. Hearings in 25 cities were held in June on the proposed interchange.

Managing Fires in Wilderness.--On February 14, USDA adopted a new policy that will permit fire to play a more natural role in wilderness ecosystems. This new policy is intended to help return fire to its natural role in the 32 million acres of Congressionally-designated wilderness administered by the Forest Service and to reduce the possibility that dangerous fires will begin in wilderness and then spread beyond wilderness boundaries. Trained Forest Service offices will be permitted to ignite prescribed fires in wilderness to eliminate accumulated brush and dead trees. The use of prescribed fires will also ensure that future lightning-caused fires can once again play their natural roles without posing serious threats to life and property within wilderness or to life, property, and natural resources outside the wilderness boundary.

Wind Erosion in Great Plains.--Wind erosion in the Great Plains during the four months ending February 28 was higher than the same four month period in any year since 1981. Reports from the 10-State area indicate wind damage on 4 million acres between November 1, 1984 and February 28, 1985, compared to 3.4 million acres during the same period a year earlier. Damages would have been even higher if farmers had not increased their use of conservation tillage and other farming practices that leave a protective residue on the land surface. Of the land damaged, 96 percent was cropland, 3 percent was rangeland, and 1 percent was other land. Windblown soil particles damaged crops or pasture on nearly 200,000 acres not reported as damaged.

Pest Control

Fruit Fly Eradication in Hawaii.--On December 4, 1984, USDA announced that it was seeking public comments on the environmental effects of eradicating 3 fruit flies--the Mediterranean fruit fly, the Oriental fruit fly and the Melon fly--from Hawaii, as described in a draft environmental impact statement. In the document, "Eradication of the Tri-fly Complex from the State of Hawaii, Draft Environmental Impact Statement," the pests are described with respect to their impact on Hawaiian and mainland agriculture. It describes options to eradicate the pests from Hawaii and the environmental consequences of each option, as well as projected costs.

Preventing the Spread of Tree Disease in Maine.--To prevent the spread of European larch canker, a tree disease, USDA is regulating additional areas in Maine for restricted interstate movement of logs, pulpwood, branches, twigs, plants, birds, and propagative material from larch trees that can spread the

disease. Field observations and surveys conducted by USDA and the Maine Forest Service indicated that the disease has spread beyond the boundaries of a previously regulated area in Lincoln county. European larch canker is a deadly fungus disease of larch trees, which are used mainly for pulpwood production. The spores are dispersed by wind, but can also be artificially spread by the interstate movement of items that harbor infection.

Boll Weevil Eradication.--USDA announced a program on March 26 to eradicate the boll weevil in cotton-growing areas of Arizona, California, and Northern Mexico. Boll weevils were observed in California for the first time in 1982, following a rapid increase in their numbers in Southern Arizona and adjacent areas of Mexico. The infestation in the southwest U.S. marks a significant increase of the pest's historical range, which for nearly a century was limited to cotton belt states from Texas to Virginia. The eradication methods are based on those that have proved highly successful in USDA-supported programs to eradicate boll weevils from Virginia, North Carolina, and South Carolina. California and Arizona together produced approximately 30 percent of the total U.S. cotton crop in 1984.

Spread of Golden Nematode.--Effective April 3, an additional area of upstate New York was included under federal regulations to prevent the spread of golden nematode, a destructive pest of potato crops. The golden nematode is a small worm that attacks the roots of Irish potatoes and a few other plant species. Golden nematode infestations can drastically reduce yield and even destroy an entire potato crop if unchecked. The nematode's range is currently confined to parts of upstate New York and Long Island.

Gypsy Moths.--On April 4, USDA revised the areas it regulates to prevent artificial spread of the gypsy moth, a destructive pest of forest, shade and ornamental trees. Regulated areas are designated "high-risk" or "low-risk". Items such as firewood, outdoor household goods and mobile homes, which could harbor gypsy moth egg masses or other life stages of the pest, may not move from high-risk to non-regulated areas unless inspected and treated to ensure they are gypsy moth-free. Regulated articles may move freely between high-risk and low-risk areas, and, unless a USDA inspector determines otherwise, between low-risk and non-regulated areas.

USDA announced on April 18 that an integrated system of pest management would be used in all projects to eradicate or suppress gypsy moths. The policy decision was reached by the Animal and Plant Health Inspection Service and the Forest Service.

On April 24, USDA declared an emergency in Lane County, Oregon, because of a large but isolated infestation of gypsy moths. The infestation covers approximately 1,150 square mile in northern central Lane County, in and around Eugene.

Oriental Fruit Fly Quarantine Lifted.--On April 9, the USDA lifted a quarantine on portions of Los Angeles County, California that was imposed in August, 1984 to prevent artificial spread of the oriental fruit fly, one of the world's most destructive fruit and vegetable pests. No oriental fruit fly has been found in the area since November, 1984. The quarantine regulations prohibited

interstate movement of fruits, nuts, vegetables, soil, and other articles that could provide host material for the fruit fly's reproduction. Infestations on citrus and vegetable crops can cause complete loss of crops.

Florida Medfly Outbreak.—On April 17, USDA declared that an emergency exists in Florida due to an outbreak of Mediterranean fruit flies that threaten the fruit and vegetable growing industries of this country. This declaration authorized the use of federal funds and personnel to combat the flies. The medfly can attack more than 200 kinds of fruits and vegetables. It lays its eggs in the fruit, and when they hatch the young feed on the palp, spoiling the fruit for human consumption.

On May 7, USDA established emergency regulations to restrict interstate movement of 84 kinds of produce and plants from the Miami area to prevent the spread of Mediterranean fruit flies. Regulated items, which could contain eggs or larvae of the fruit fly and could possibly spread the pest beyond the regulated area, include tomatoes, peppers, apples, apricots, avocados, oranges, lemons, cherries,grapes, grapefruit, mangoes, peaches, and many other kinds of fruits, nuts, berries, vegetables, and ornamental plants.

Tracheal Mite Regulations Removed.—All federal regulations restricting interstate movement of honey bees from areas quarantined for honey bee tracheal mites were removed on April 16. Recent surveys show the mites have become widespread in the country and given the migrating nature of the honey bee industry, USDA decided the Federal quarantine measures would not prevent additional spread of the tracheal mite. The entire state of Florida and parts of Louisiana and Texas had been under quarantine.

Witchweed Regulations.—On April 24, USDA lifted a witchweed quarantine from and parts of North and South Carolina, while imposing new quarantines on recently infested areas in the two states. The area being released from quarantine (22,716 acres) is nearly 9 times the amount going under the regulations (2,666 acres). Witchweed is a parasite foreign weed found in the U.S. only in parts of North and South Carolina. It clings to the roots of certain grassy plants including corn and sorghum, sapping nutrients and moisture and drastically reducing yield.

Ticks Carrying Lyme Disease Repelled with Two Sprays.—Two types of commercial tick repellents have been found to protect people against the tiny tick that transmits lyme disease, by far the most prevalent tick-borne disease afflicting humans in this country. The painful disease, first identified in Old Lyme, Connecticut a decade ago, is characterized by a lesion at the site of the bite and sore and swollen joints. The disease has been spreading from New England in recent years to include at least 14 States. A 0.5 percent permethrin spray provided complete protection against attack by all life stages of the tick. Applications of 30 percent deet, a chemical widely available as a mosquito repellent, gave 92 percent protection.

Grasshopper Control.—USDA will cooperate with states and landowners in a program to help control grasshoppers on rangeland in western states. Surveys indicate grasshoppers might become a problem in Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming. USDA will provide total

funding for grasshopper control on federally-owned land, half the funding on state-owned land, and a third of the funding on privately-owned land. To be eligible, the infested rangeland must meet certain size and other criteria.

Finance

Farm Debt Set Asides for FmHA Borrowers.-- On December 26, 1984, USDA officials announced the approval of farm debt set aside for 2,669 Farmers Home Administration borrowers through the first week of December. The set asides are part of the President's farm credit initiatives announced in September 1984 to assist farmers undergoing severe financial difficulty.

Farm Credit Relief.--Secretary of Block announced on February 6 additional initiatives designed to further help financially stressed farmers through their temporary difficulties. Block said he believes these steps will enhance the effectiveness of the program announced in September 1984. The new initiatives include the following:

* The Secretary of Agriculture will chair a Farm Credit Coordinating Group to coordinate activities of federal and financial regulatory agencies having responsibilities for farm credit issues. The group will coordinate resources within existing Federal programs to assist financial institutions, communities and individual producers. The group will include the Chairman of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Assistant Secretary of Treasury for Domestic Finance, the Governor of the Farm Credit Administration, the Under Secretary of Agriculture for Small Community and Rural Development. The Vice Chairman of the Federal Reserve Board will serve as an observer.

* New regulations will modify the procedures in the credit plan announced last September so as to include an interest write-down option along with a principal write down option. The maximum guarantee on the principal write down option is 90 percent.

* USDA will create an emergency "Credit Assistance" program. FmHA guarantees of up to 90 percent on operating loans will be made to eligible producers previously served by failed lending institutions. They will be applicable to new crop loans on a one-year basis. Eligibility is limited to producers with substandard loans who can meet a cash flow test on new credit extensions. The assuming institutions may write loans under quick certification procedures to be established by emergency regulations. (On March 13, the cash flow requirement for a restructured loan to be guaranteed by the FmHA was reduced by 10 percent).

* The Department of the Treasury will work with the FDIC, the Comptroller of the Currency and the Federal Reserve to implement a policy to avoid supervisory actions that may discourage banks from exercising forbearance or from working with farmers and small business borrowers who are experiencing temporary difficulties in meeting their debt service obligations. Such forbearance is in the public interest and should be encouraged when it is consistent with safety and soundness considerations. In particular, each

agency will be asked to designate special review examiners to review the examination report of each farm sector bank before it is forwarded to the bank to ensure compliance with this policy.

* USDA will create special action teams of trained FmHA lending officers to be sent on short notice to set up temporary offices in areas where a commercial bank or Farm Credit System institution has been liquidated. The team will assist in the reestablishment of necessary operating credit for qualified operators. USDA will work with the FDIC to obtain early notification of bank liquidations and will be able to move teams into the area immediately after a liquidation occurs.

* USDA will review its standards for recruiting farm credit and farm management specialists to work with commercial and Farm Credit System lenders on the credit initiatives. USDA will also move more aggressively to place the specialists in targeted areas.

* USDA will help operate "credit hot lines" in various states to provide financial information and advice to troubled operators.

* USDA will encourage state governments and commercial and Farm Credit System lenders to provide staff assistance to help with the timely processing of FmHA loan applications. The Secretary of Agriculture will also direct agencies from within USDA to cooperate with FmHA in providing staff assistance.

<u>Assistance for FmHA Credit Efforts</u>.--On February 8, USDA announced that field staff of the Agricultural Stabilization and Conservation Service will help Farmers Home Administration employees process loan applications in an effort to step up farm credit delivery. The Cooperative Extension Service agreed on March 4 to expand its assistance to FmHA. Depending on workloads in local offices, the agencies will provide professional and clerical assistance on a case-by-case basis.

<u>FCIC Proposes End of Direct Insurance Activity</u>.--The Federal Crop Insurance Corporation announced on March 11 that it is considering the feasibility of providing crop insurance solely through commercial reinsured companies. Currently, all Federal crop insurance is marketed through two delivery channels: Master Marketers, which are associates of agents which sell policies on Federal paper; and reinsured companies, which are conventional multi-line companies that sell policies identical to the Federal policies. Under the proposal being considered, all future policies would be sold through reinsured companies, and current policies on Federal paper would be transferred to commercial reinsured companies. FCIC would be restructured more along the lines of a commercial reinsurance company.

<u>USDA's Approved Lender Program Expanded</u>.--A regulation change making qualified lenders in the Farm Credit System eligible for USDA's "approved lender" program also gives FmHA State Directors discretionary authority to waive either of 2 major requirements for a commercial lender to qualify for the approved lender program. The first requires the lender to have at least $2.5 million or 50 percent of its portfolio in agricultural loans. The second is that the lender's agricultural loan losses not exceed 1-1/2 percent of its portfolio for each of the 3 previous years or does not exceed 4-1/2 percent of the average portfolio for the 3 previous years. A lending institution which

is approved for the program qualifies for a more rapid processing procedure in handling applications for loan guarantees. This enhances the lender's ability to get credit to qualified farmers.

Special Producer Storage Loan Program.--Secretary Block announced on March 27 that producers with mature or maturing CCC farmer-owned grain reserve loans will be given the opportunity to repledge the collateral under a new Special Producer Storage Loan Program. The new program will permit producers to maintain control of their grain and earn storage payments on it, instead of being required to repay the loan or forfeit the grain to CCC. Advance storage payments for grain pledged as security for the new loans will be made to producers by CCC at the same storage rate which is applicable to the farmer-owned reserve program. Interest will be charged on the new loans at the rate in effect when the new loan is obtained. Producers may repay the new loans any time during the loan period without penalty. However, the loans will mature in 12 months or upon demand by CCC during the loan period. The program will become effective upon publication of the regulations providing for its terms and conditions.

CCC Loan Rates.--The interest rate on CCC loans declined over the period of December 1984 to May 1985. In December, the rate stood at 10-1/8 percent. It fell to 9-1/2 percent in January and remained at 9-1/8 percent in February and March. It rose by five-eighths percent to 9-3/4 in April and fell three-eighths percent to 9-3/8 in May.

Nutrition

High Protein Rice Flour.--On December 13, 1984, USDA announced that a new rice flour, 3 times richer in protein than standard rice flour, could help improve child nutrition overseas. The new flour (CHP-rice flour) contains 25 percent protein, compared with 8 percent for standard rice flour. CHP-rice flour might help reduce hunger: in underdeveloped countries where milk is too expensive or unavailable; as a weaning food for children, because the starch in CHP-rice flour is pre-digested, making digestion easier; for children of African or Asian descent who may find the maltose sugar in CHP-rice flour easier to digest than lactose sugar in milk; and as a substitute cereal for people who are allergic to cow's milk or wheat and rye proteins.

Salt and Potassium Study.--A one-year study conducted by USDA's Agricultural Research Service of 28 men and women found that they eat too much table salt and not enough potassium. The research suggests that an adult may risk developing high blood pressure if the sodium-potassium ratio remains askew. The findings show that the adults in the study exceeded the safe and adequate daily ratio of sodium to potassium recommended by the Food and Nutrition Board of the National Academy of Sciences. That ratio is six-tenths gram of sodium for every gram of potassium.

Italian Sausage Standards.--Since January 28, sausage manufacturers have had the authority to market Italian sausage prepared by a variety of methods. This revised regulation includes fresh, pre-cooked, cured, smoked and cured-and-smoked sausage. Under the rule, Italian sausage may be smoked as long as the word "smoked" is used in the product name. Curing with sodium or potassium nitrite is also permitted, again with the provision that "cured" appear in the

product name. The rule also clarifies the use of water and antioxidants in Italian sausage. Water may be added to Italian sausage in amounts not to exceed 3 percent of total product weight before cooking. This applies to both fresh and pre-cooked Italian sausage. USDA-approved antioxidants (substances which slow rancidity and prevent quality loss) may be used only in fresh (uncured) Italian sausage. Industry requested these changes to secure a single, unified role covering every type of Italian sausage.

Less Nitrite in Bacon.--USDA proposed on April 12 to permit two alternative bacon processing methods that will enable packers to use less sodium nitrite in the curing process. Nitrite preserves meats and helps prevent botulism. The proposal would allow plants with USDA-approved quality control programs to reduce sodium nitrite levels from the currently required 120 parts per million to 100 parts per million. Another alternative for plants with quality control programs would be to add lactic acid starter cultures--which help protect against the outgrowth of organisms that cause botulism--to a curing solution with 40 to 80 ppm sodium nitrite. Quality control systems are designed to precisely control production, including such factors as the level of nitrite being pumped into pork bellies used in bacon processing. The proposal retains the required 120 ppm level for plants not operating with a quality control program and applies only to pumped bacon.

Emergency Distribution of Butter.--USDA distribution of butter in the Temporary Emergency Food Assistance Program will be reduced from 12 million pounds to 6 million pounds for the months of August and September. This is due to limited State interest in butter distributions during hot weather months. In addition to butter, each month USDA continues to make available the following food items for distribution to needy Americans: cheese, 35 million pounds, nonfat dry milk, 6 million pounds; rice, 8 million pounds; honey, 6 million pounds; flour, 10 million pounds; and corn meal, 10 million pounds.

International Actions

P.L. 480.--On April 8, USDA issued revised country and commodity allocations for fiscal 1985 under Titles I and III of Public Law 480 (the Food for Peace Program). Current program plans provide for distribution of $1,011.9 million in commodity shipments this fiscal year, changed from the previous estimate of $1,053.6 million. Of the current amount, $927.5 million is allocated and $84.4 million is being held in reserve to furnish commodities for unforeseen needs during the remainder of the fiscal year. There has been a recent transfer of $40 million from the Title I/III program to Title II to help assure adequate funding for meeting food needs in Africa.

On December 22, 1984, a P.L. 480 Title I sales agreement was signed with Zaire to provide for the sale of $8.0 million worth of U.S. wheat, $3.0 million of U.S. flour, $2.0 million of U.S. corn/sorghum and $2.0 million of U.S. cotton. Zaire agreed to develop a national agriculture applied research policy, continue the decentralization of responsibilities for rural health care, and continue the strengthening of regional planning capacity throughout the country.

On December 27, 1984, a P.L. 480 Title I agreement was signed with Sudan. As amended, the agreement now provides for the sale of $50.0 million of U.S. wheat and wheat flour and an estimated $10.7 million for ocean freight financing.

Sudan agreed to increase the role of the private sector in the import and distribution of food; and to strengthen the capabilities of the analytical unit responsible for collecting and providing information on the domestic supply, distribution, and prices of wheat and wheat flour.

A P.L. 480 Title I sales agreement with Mozambique was signed January 11 to provide for the sale of $5.0 million worth of U.S. wheat, $2.5 million of corn/sorghum, and $2.5 million of U.S. rice. Amendments to the agreement, signed on January 28 and May 22, would provide an additional $7.0 million of U.S. rice and an estimated $4.0 million in ocean freight financing. Under the terms of this agreement, Mozambique agreed to carry out self-help measures to improve agricultural development. The measures include supporting private sector entrepreneurs in farming, merchandise retailing and agribusiness; and analyzing present agricultural prices in order to implement a new pricing policy which will promote production of food products, stimulate productivity of agricultural enterprises, increase the efficiency of rural enterprises, and encourage the re-establishment of a market economy in the rural areas.

A P.L. 480 Title I sales agreement was signed February 4 with Bolivia providing for the sale of $10 million worth of U.S. wheat. Bolivia agreed to carry out several self-help measures including promotion of agricultural and economic development; reduction and eventual elimination of consumer subsidies on wheat and other important Bolivia agricultural products; support and strengthening of producer organizations, cooperatives and other farm groups; expansion of the national seed program; promotion of high-value crops to increase farmer incomes; and support for measures protecting Bolivia's renewable natural resources.

A P.L. 480 Title I sales agreement was signed February 13 with Indonesia providing for the sale of $40 million worth of U.S. wheat. Indonesia has agreed to increase the role of cooperatives in farm production/product marketing and rural electrification expansion programs; develop flood, drainage and drinking water systems; and heighten support for programs in non-formal agriculturally-related science and technology education appropriate for assisting small farmers, farm workers and villagers.

On February 19, a P.L. 480 Title I sales agreement was signed with Morocco to provide for the sale of $10.0 million worth of U.S. commodities. An April 26 amendment added $30.0 million worth of wheat. Morocco agreed to carry out a number of agriculture self-help measures including continuation of reform of the structure and organization of agricultural research, reinforcing extension activities, improving management tools for public investment, and an initiative aimed at reinforcing the capacity for economic analysis at the Ministry of Agriculture and Agrarian Reform.

A P.L. 480, Title I sales agreement with Sierra Leone was signed February 23 to provide for the sale of $2.0 million worth of wheat and $1.0 million worth of rice. Another Title I agreement on May 9 added the sale of $2.0 million worth of wheat and $2.0 million worth of rice. Sierra Leone agreed to carry out a number of agriculturally related self-help measures including: improving food distribution in rural areas; providing agricultural training for extension field workers and small farmers; carrying out agricultural census to gather information on the country's agricultural statistical reporting system; conducting studies on rice policy and marketing relationships with

neighboring countries; and supporting 10 farmers' associations for purchasing and storing rice to determine practicality of cooperative action to increase farm income.

A P.L. 480 Title I sales agreement was signed on March 11 with Honduras providing for the sale of $10 million worth of wheat and wheat flour. Honduras agreed to carry out self-help measures aimed at increasing agricultural production through emphasis on small farm agriculture.

A P.L. 480 Title I sales agreement was signed on April 1 with Zimbabwe to provide for the sale of $8.0 million worth of U.S. wheat. Zimbabwe agreed to create a national irrigation fund to provide credit for farmers to install or upgrade irrigation systems, and increase the availability of production credits to small farmers.

A P.L. 480 Title I agreement with the Yemen Arab Republic was signed April 15 providing for the sale of $2.0 million worth of U.S. wheat and $8.0 million of U.S. rice. Yemen agreed to improve the production, storage, and distribution of agricultural commodities.

A P.L. 480 Title I sales agreement was signed April 17 with Peru providing for the sale of $17 million worth of wheat or wheat flour and $8 million worth of edible vegetable oil. Peru agreed to carry out several agricultural self-help measures including support for agricultural research, extension and education activities; funding for maintenance and construction of farm-to-market roads; and support for expansion of government services to increase the efficiency of public primary health care services for the rural poor.

A P.L. 480 Title I agreement with Pakistan was signed April 29 providing for the sale of $50 million worth of U.S. vegetable oil. Under the terms of this agreement, Pakistan agreed to continue the long-term policy of liberalizing prices for edible oil products; carry out detailed review of the stock and trade management study in conjunction with the U.S. Government; privatize the vegetable and ghee industry; and work toward a change in policy that stimulates livestock and poultry production and rationalizes the production and import of oilseeds and oilseed products.

A P.L. 480 Title I sales agreement was signed on May 15 providing for the sale of $20 million worth of wheat and $13 million worth of edible vegetable oil to the Dominican Republic. Under the conditions of this agreement, the Dominican Republic agreed to carry out several agricultural self-help measures aimed at increasing agricultural productivity through emphasis on small farm agriculture.

A P.L. 480 Title I sales agreement was signed May 17 with Ecuador providing for the sale of $15 million worth of U.S. wheat. Ecuador agreed to strengthen private sector producer organizations, which will set research priorities and aid in the dissemination of improved technology; improve agricultural marketing in order to raise prices to farmers and reduce prices to consumers through advancements in transportation; implement recommendations of the Presidential Agricultural Mission to Ecuador; and encourage private investment in the production, importation, and distribution of seeds.

Agreement with Mexico.--On November 19, 1984, USDA announced that Secretary Block and Mexico's Secretary of Agriculture and Hydrolic Resources, Eduardo Pesqueria, met to sign 2 agreements. The signing of the soil conservation amendment extends a current program of drainage and reclamation projects in Mexico's tropics. The other agreement provides for bilateral scientific and technical exchanges for research, education, training, information exchange, and management relating to forestry. The Secretaries also met in Washington May 22, in a continuation of periodic meetings to discuss agricultural matters of mutual interest. Topics covered included restrictive licensing systems; the U.S. need for a high quality beef import quota in Mexico; the use of fumigants; and clearance of Mexican fruits, vegetables, and flowers for export.

Reservation Fees for Animal Imports.--USDA proposed on December 5, 1984 to raise the reservation fees for importing birds and animals and to change the provisions for forfeiture of these fees. The proposal calls for the reservation fee to be set at 25 percent of the cost of providing care, feed, and handling during a normal quarantine period, but no less than the current flat fee of $80 for each lot of poultry, $130 for each horse, and $240 for each lot of other animals. If the animals or birds don't arrive at the import center within 24 hours after the designated time of arrival, the reservation fee is forfeited. The fee would not be forfeited, however, if the importer cancels the reservation at least 5 working days in advance for horses or 15 days in advance for other animals or birds.

Overseas Donations Program.--USDA announced December 6, 1984 that wheat would be added to the dairy commodities already available under the Overseas Donations Program authorized by Section 416 of the Agricultural Act of 1949. Commodities under this program are available for donation to foreign governments and to public and private non-profit humanitarian organizations assisting needy persons outside the U.S.

Surplus Dairy Sales.--On December 10, 1984, USDA signed a contract with Egypt for the sale of 35,000 metric tons of butter, butteroil, and cheese. The total value of the sale made at current market prices was $47.8 million. The sale of an additional 6,000 metric tons of butter, valued at $7.05 million, was provided for on March 29, bringing the total value of sales to Egypt to $54.85 million. On January 10, USDA sold 10,000 metric tons of nonfat dry milk, valued at $7.4 million, to CONASUPO, the Mexican government's food purchasing agency. On January 17, USDA sold 12,000 metric tons of nonfat dry milk and 2,560 metric tons of butteroil, valued at $11.8 million, to Iraq. On May 21, USDA announced the sale of surplus nonfat dry milk and butteroil, valued at over $11 million, to Spain and Jamaica.

U.S. Trade Office in Algeria.--Richard Smith, Administrator of USDA's Foreign Agricultural Service, officially opened the U.S. Agricultural Trade Office in Algeria on March 5. Agricultural Trade Offices serve as field offices for U.S. exporters and are designed to put foreign buyers in contact with U.S. sellers of agricultural products.

Agreement with Turkey.--Secretary Block and Turkey's Minister of Agriculture, Forestry and Rural Affairs H. Husnu Dogan signed a bilateral memorandum of understanding on March 11 to promote scientific and technological cooperation between the U.S. and Turkey. The new agreement will provide for cooperation

in animal and plant science, forestry, agricultural economics, and other fields which will benefit both countries. Joint activities under the agreement may include the exchange of scientific information and short-term exchanges of scientists and agricultural specialists for study tours and field work.

Blended Credit.--It was announced on March 11 by the USDA that the ban imposed February 26 on export sales under the blended credit program is still in place. USDA suspended approval of all sales registrations under the program as a result of U.S. District Court ruling that blended credit shipments are subject to the application of U.S. cargo preference laws, requiring in general that 50 percent of the cargo be carried in U.S. flag ships. The suspension will continue indefinitely.

Import Regulations for Canadian Cattle.--USDA announced on March 21 that it is proposing to recognize 3 additional Canadian provinces as being free of cattle brucellosis. They are the western provinces of Alberta, Manitoba, and Saskatchewan. The proposal would allow breeding cattle from those provinces to enter the U.S. under 2 conditions. First, the cattle would have to be accompanied by a certificate showing they has passed a negative brucellosis test within 30 days before entry. Second, the cattle would have to originate from herds that have been intact for at least 1 year before entry. In addition, 6 existing U.S. ports of entry would be authorized for the import of cattle from Canada's brucellosis-free provinces, which now include New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland (including Labrador), and British Columbia.

Cured Pork Imports.--Effective April 15, imported cured pork products must comply with the same new requirements for minimum protein levels imposed on domestically cured pork. The USDA has found that measuring protein in finished cured pork products - instead of estimating the amount of curing solution used in processing (the previous regulatory procedure) - provides a more accurate basis of determining compliance with the Federal standards that assure wholesome, accurately labeled products. Imported meat and poultry are required by USDA to be processed under inspection programs equal to the U.S. program. Imported products are also reinspected at ports of entry to further ensure compliance with USDA regulations.

Meat Shipments from the Dominican Republic.--On April 15, the Dominican Republic was once again eligible to export meat to the U.S. after correcting inadequacies in its meat inspection program. The Dominican Republic, which shipped 4 million pounds of fresh meat to the the U.S. in 1983, was 1 of the 6 Latin American and Carribbean countries to lose eligibility to export meat products to the United States last year because of deficient residue testing or species verification programs.

Meat Exporters.--USDA announced on May 3 that Bulgaria, Colombia, and Luxemborg will lose eligibility to export meat products to the U.S. if a proposal by USDA takes effect. The three countries presently do not export meat to the U.S.; this action would merely remove them formally from a list of 42 countries eligible to export here.

Research Projects with Spain.--On May 8, USDA announced that the U.S.-Spain Joint Committee for Scientific and Technological Cooperation has approved 12 new research projects on agricultural programs that are common to both countries. The projects are funded at $1.7 million by the Committee. Research will include new biotechnology approaches to controlling diseases that affect crops and animals.

Rejected Meat and Poultry Imports.--On May 10, USDA made final its 1984 interim rule expressly prohibiting reentry into the United States of imported meat and poultry products earlier refused entry by USDA inspectors. The interim rule was published after USDA investigations found that "refused entry" products were finding their way into U.S. commerce.

Export Enhancement Program.--Secretary Block announced on May 15 the implementation of a $2 billion export enhancement program. The program will offer government-owned commodities as bonuses to U.S. exporters to expand sales of U.S. agricultural products in targeted markets.

Agricultural Exchange with Bulgaria.--The United States and Bulgaria have agreed to continue scientific and technical exchanges in agriculture, which have benefited both countries since the program began in 1979. Delegations representing USDA and Bulgaria's National Agro-Industrial Union (NAPS) approved 4 U.S. and 4 Bulgarian exchanges for the next 2 years. U.S. teams will review Bulgarian programs on the control of destructive cereal rusts, disease resistance in sunflowers, and the preparation and applications of soil survey information.

CCC Credit Guarantees.--Credit guarantees under the CCC's Credit Guarantee Program (GSM-102) have been approved for Chile, $55 million in wheat and feed grains; Egypt, $127 million in oilseeds, poultry, day-old chicks, hatching eggs, poultry breeding stock, vegetable oil, and cotton; Mexico, $700 million in feedgrains and oilseeds; Colombia, $155 million in wheat, feedgrains, oilseeds, beans, peas, lentils, tallow and vegetable oil; Iraq, $47 million for various U.S.-agricultural products; and the Philippines, $185 million in wheat, feedgrains, and soybean meal.

Departmental Actions

Improvements in Statistical and Economic Reporting Procedures.--In response to users' concerns about the quality and timeliness of statistical and economic reports, USDA announced 2 actions. On December 3, 1984, Secretary Block indicated that USDA will form an outside panel of recognized experts to review the statistical methodology used for crop and livestock estimates and USDA's economic analysis and outlook work. On January 4, ERS altered it outlook and situation report series by curtailing the frequency of some issues, introducing commodity yearbooks, and expanding coverage in its Agricultural Outlook magazine. The traditional ERS quarterly outlook and situation reports will be changed to twice annually and supported by yearbooks. (This series covers cotton and wool, dairy, feed, fruit, oil crops, sugar and sweeteners, tobacco, vegetables, wheat, and inputs.) The series on livestock and poultry will be reduced from 6 to 4 times per year, with a continuation of the annual statistical bulletin. The yearbooks will present substantial historical and current data series on all aspects of the commodities. Agricultural Outlook, issued 11

times a year, will focus on short-term analysis of emerging conditions affecting commodities, including weather, exports, government programs, prices, and production costs.

Crop Estimates.—USDA's Statistical Reporting Service (SRS) announced in December 1984 that it will reinstate 4 crop estimating programs that were discontinued or curtailed in 1982. 1985 funding legislation requires SRS to again issue estimates on floriculture, asparagus, cucumbers for pickles, and peanut stocks and processing.

Plant Variety Protection Fee.—On December 13, 1984, USDA made permanent an interim increase in fees for plant variety protection in order to cover the costs of administering the program. The fee was increased from $1500 to $2000. The plant variety protection program provides patent-like protection to developers of new and distinctive seed-reproduced plants, ranging from farm crops to flowers.

Transportation Functions.—USDA is continuing to consolidate its transportation activities by shifting of additional traffic management responsibility to the Department's Office of Transportation from ASCS.

On January 8 and 9, USDA's Office of Transportation held an Agricultural Transportation Conference to consider deregulation, highway costs, exports and other issues related to the transport of agricultural commodities in both domestic and foreign markets.

Computerized Information Service.—USDA will inaugurate on July 1 a new computerized system that electronically transmits news and reports from a single point. Information such as USDA market reports, crop and livestock statistical reports, economic outlook and situation reports, foreign agricultural trade leads, export sales reports, world agricultural roundups, and USDA new releases will be available. The Service will complement, not replace, USDA's traditional methods of printing and distribution information. The primary objective is to offer data to those who want immediate access and can handle large volumes of information at medium or high computer transmission speeds.

POLICY RESEARCH PUBLICATIONS AVAILABLE

Becker, Geoffrey and Penelope Cate. Farm Support Programs: Cost Considerations. 85-268 ENR. March, 1985.

Request copy of this publication from Penelope Cate, Food and Agricultural Section, ENR/CRS, LOC, Washington, D.C. 20540.

Black, Hodge, et. al., "The Result of an Extension Public Policy Seminar." 1984.

Request a copy of this paper from L. Tim Wallace, Cooperative Extension Agricultural Economics and Community Resource Development, 318 Giannini Hall, University of California, Berkeley, CA 94720.

Breimyer, Harold F. "Statement of Congressional Conference on Urban America's Stake in The National Farm Crisis," Washington, D.C., April 25, 1985.

Request copy of this paper from author, Department of Agricultural Economics, University of Missouri, Columbia, MO 65211.

Bullock, J. Bruce. "Farm Credit Situation: Implications for Agricultural Policy." FAPRI #4-85. March, 1985.

Request a copy of this publication from the author, Department of Agricultural Economics, 200 Mumford Hall, University of Missouri, Columbia, MO 65211.

Carriker, Roy R. and L. Tim Wallace. "Government Involvement in Water Use and Development: More or Less, and at What Level." Increasing Understanding of Public Problems and Policies. Farm Foundation, 1982 (Revised, 1984.)

Request a copy of this revised article from L. Tim Wallace, Cooperative Extension Agricultural Economics and Community Resource Development, 318 Giannini Hall, University of California, Berkeley, CA 94720.

Cate, Penelope and Geoffrey Becker. Federal Farm Programs: A Primer. 84-232, ENR. December, 1984.

Request a copy of this pamphlet from the senior author, Food and Agriculture Section, ENR/CRS, LOC, Washington, D.C. 20540.

Chicoine, David (co-authored with Norman Wolzer). Governmental Structure and Local Public Finance. 1985.

Request a copy of this book (charge) from the publisher, Oelgeschlager, Gunn and Hain, Inc., 131 Clarendon St., Boston, MA 02116.

Gardner, Patrick H., G. William Hoagland, and Randall A. Kramer. The Distribution of Benefits from the 1982 Federal Crop Programs. U.S. Senate Committee on the Budget, S. Prt. 98-238, November, 1984.

Request a copy of this report from Randall A. Kramer, Department of Agricultural Economics, Virginia Tech, Blacksburg, VA 24061.

Givan, William. "Financial Status of Georgia Farmers." November, 1984.

Request a copy of this paper from the author, Cooperative Extension Service, University of Georgia, Athens, GA 30605.

Graf, Truman F. "National Dairy Situation -- Life Without Government Support." University of Wisconsin Staff Paper No. 236. April, 1985.

Request a copy of this paper from the author, Department of Agricultural Economics, University of Wisconsin, Madison, Wisconsin 53706.

Guither, H. D., B. F. Jones, M. A. Martin, and R. G. F. Spitze. U.S. Farmers' Views on Agriculural and Food Policy -- A Seventeen State Composite Report. North Central Regional Research Publication 300. December, 1984. 45 pp.

Request copy of this bulletin from Publications, Department of Agricultural Economics, 305 Mumford Hall, 1301 W. Gregory Drive, Urbana, IL 61801.

Hanrahan, Charles, Penelope Cate, and Donna Vogt. Agriculture in the GATT: Toward the Next Round of Multilateral Trade Negotiations. 84-169 ENR. September 11, 1984.

Request a copy of this bulletin from Penelope Cate, Food and Agriculture Section, ENR/CRS, LOC, Washington, D.C. 20540.

Hepp, Ralph E. and Sermin D. Hardesty. "Financial Situation in Michigan Agriculture." Michigan Agricultural Economics Staff Paper #85-21. April, 1985. 11 pp.

Request copy of this paper from the authors, Department of Agricultural Economics, Michigan State University, East Lansing, MI 48824.

Holding, Brian, ed. Agricultural Policy: A Summary of Six Seminars. 1985.

Request a copy of this report from Phil Baumel, Department of Economics, Iowa State University, Ames, Iowa 50011.

Holland, Forrest D., and Jerry A. Sharples. "World Wheat Trade: Implications for U.S. Exports." Purdue University, Department of Agricultural Economics Staff Paper No. 84.20. November, 1984.

Request a copy of this paper from Forrest Holland, Department of Agricultural Economics, Purdue University, West Lafayette, IN 47907.

Huffman, Wallace. "Human Capital, Adaptive Ability, and the Distributional Implications of Agricultural Policy." Am. J. Agr. Econ. 67 (May, 1985).

Request a copy of this article from the author, Department of Economics, Iowa State University, Ames, Iowa 50011.

Johnson, Roger. "How U.S. Agricultural Policy Impacts Developing Countries." North Dakota State University Staff Paper. January, 1985.

Request a copy of this paper from the author, Department of Agricultural Economics, North Dakota State University, Fargo, North Dakota 58105.

Johnson, S. R., Abner W. Womack, William H. Meyers, Robert E. Young, II, and Jon Brandt. Options for the 1985 Farm Bill: An Analysis and Evaluation. FAPRI#1-85. January, 1985.

Johnson, S. R., William H. Meyers, Abner W. Womack, Robert E. Young, II and Robert W. Jolly. U.S. Agriculture and Farm Financial Conditions to 1989-90 Under Alternative Policies. FAPRI#2-85. March 20, 1985

Johnson, S. R., William H. Meyers, Abner W. Womack, Robert E. Young, II, and Robert W. Jolly. The Administration Proposal for the 1985 Farm Bill: An Evaluation and Analysis. FAPRI#3-85. March, 1985.

Johnson, S. R., William H. Meyers, Robert E. Young, II, and Abner W. Womack. Preliminary Results on a Variable Loan Repayments Options for the 1985 Farm Bill. FAPRI#5-85. April, 1985

Request copies of the four above reports from W. H. Meyers, Department of Economics, 568 Heady Hall, Iowa State University, Ames, Iowa 50011.

Kramer, Randall A., William T. McSweeny, Waldon R. Kerns, and Robert W. Starros. "An Evaluation of Alternative Policies Controlling Agricultural Nonpoint Source Pollution." Water Resources Bulletin, December, 1984.

Kramer, Randall A. "Economic Incentives for Conversion of Bottomland Hardwood Forests." National Wetlands Newsletter. March-April, 1985.

Kramer, Randall A., and Sandra S. Batie. "Cross Compliance Concepts in Agricultural Programs: The New Deal to the Present." Agricultural History, April, 1985.

Request copies of the above three articles from Randall A. Kramer, Department of Agricultural Economics, Virginia Tech, Blacksburg, VA 24061.

Moschini, G. and K. D. Meilke. "Parameter Stability and the U.S. Demand for Beef." W.J.A.E.. 1984(2):271-82.

Request a copy of this article from K. Meilke, Department of Agricultural Economics, University of Guelph, Guelph, Ontario, Canada N1G 2W1.

Otto, Daniel M., Michael D. Helmar, and William H. Meyers. "Impacts of Alternative Agricultural Policies on Iowa Agriculture." CTAP Staff Report No. 9, April, 1985.

Request a copy of this report from William H. Meyers, Department of Economics, 568 Heady Hall, Iowa State University, Ames, Iowa 50011.

Spitze, R. G. F. "What Agricultural and Food Policy is Preferred for 1985?" Illinois Department of Agricultural Economics, AE-4591. March, 1985.

Request a copy of this publication from Publications, Department of Agricultural Economics, 305 Mumford Hall, 1301 W. Gregory Drive, Urbana, IL 61801.

Spitze, R. G. F. "Agricultural Policy in International Relations." Illinois Research. 27(1985):16-18.

Spitze, R. G. F. and Julie Brewer. "Treasury Cost of U.S. Agricultural and Food Policy -- A Perspective." June, 1985. 10 pp.

Request copies of these papers from R. G. F. Spitze, 315 Mumford Hall, 1301 W. Gregory Drive, Urbana, IL 61801.

Walden, M. L. "Economic Outlook and Agricultural Policy Conference Information." December, 1984.

Request a copy of these materials from M. L. Walden, Box 8109, N.C. State University, Raleigh, NC 27695-8109.

Wallace, L. Tim. "Water Development -- A Policy Exercise" in Increasing Understanding of Public Problems and Policies, Farm Foundation. 1984.

Request a copy of this paper from the author, Cooperative Extension Agricultural Economics and Community Resource Development, 318 Giannini Hall, University of California, Berkeley, CA 94720.

Wallace, L. Tim. "Fresno County Economic Impact Model for Estimating Public and Private Sector Economic Change." 1984.

Request a copy of this paper from the author, Cooperative Extension Agricultural Economics and Community Resource Development, 318 Giannini Hall, University of California, Berkeley, CA 94720.

AGRICULTURAL AND RURAL ECONOMIC DIVISION: USDA, ERS, Room 314, New York Ave., N.W. Washington, D.C. 20005-4788 (202) 786-1530

Ahearn, Mary C.; Fryar, Michelle D. Physicians in Nonmetro Areas During the Seventies. RDRR No. 46, (1985).

Daberkow, Stan; Bluestone, Herman. Patterns of Change in the Metro and Nonmetro Labor Force 1976-82. RDRR No. 44, (1984).

Green, Bernal; Carlin, Thomas. Agricultural Policy, Rural Counties, and Political Geography. ERS Staff Report No. AGES850429, (1985).

Kalbacher, Judy Z. A Profile of Female Farmers in America. RDRR No. 45, (1985).

Milkove, Daniel L. Do Bank Size and Metro-Nonmetro Location Affect Bank Behavior? RDRR No. 47, (1985).

INTERNATIONAL ECONOMICS DIVISION: USDA, ERS, Room 732, 1301 New York Ave., N.W. Washington, D.C. 20005-4788 (202) 786-1700

Abbott, Philip C. Foreign Exchange Constraints to Trade and Development. FAER No. 209, (1984).

Burfisher, Mary. Cameroon: An Export Market Profile. AER No. 205, (1984).

Elleson, Ruth. Energy's Role in Western Europe's Agriculture. FAER No. 207, (1984).

Faeth, Paul. Determinants of Performance of Irrigation Projects on Developing Countries. ERS Staff Report No. AGES840911, (1984).

Fant, Mary L. U.S. Foreign Agricultural Trade Statistical Report for Calendar Year 1983, Supplementary Tables. ERS Staff Report No. AGES841203, (1984).

Johnston, Paul V. Australian and New Zealand Dairy Industry Programs. ERS Staff Report No. AGES841228, (1985).

Leuck, Dale J. Analysis of the Feed-Livestock Sector of the European Community. ERS Staff Report No. AGES840529, (1985).

Liu, Chun L.; Roningen, Vernon O. The World Grain-Oilseeds-Livestock (GOL) Model, a Simplified Version. ERS Staff Report No. AGES850128, (1985).

McNitt, Harold. The British Market for U.S. Food Exports. FAER No. 210, (1985).

Mielke, Myles J. Argentine Agricultural Policies in the Grain and Oilseed Sectors. FAER No. 206, (1984).

Paarlberg, Philip; Webb, Alan; Morey, Arthur; Sharples, Jerry. Impacts of Policy on U.S. Agricultural Trade. ERS Staff Report No. AGES840802, (1984).

Ruff, Samuel. Agricultural Progress in Ecuador, 1970-82. FAER No. 208, (1984).

Seeley, Ralph. Price Elasticities from the IIASA World Agriculture Model. ERS Staff Report No. AGES850418, (1985).

Shane, Matthew; Staling, David. Financial Constraints to Trade and Growth: The World Debt Crisis and Its Aftermath. FAER No. 211, (1984).

Shapouri, Shahla; Soliman, Abraham. Egyptian Meat Market: Policy Issues in Trade, Prices, and Expected Future Market Performance. ERS Staff Report No. AGES841217, (1085).

Sharples, Jerry; Webb, Alan; Holland, Forrest. World Trade and U.S. Farm Policy. ERS Staff Report No. AGES840521, (1985).

Swann, Nina M. Australian Beef Production and Exports. ERS Staff Report No. AGES840709, (1984).

Taylor, Richard; Yetley, Mervin. Food Gaps and Surpluses in Developing Countries: Status, Trends, and Implications. 1967-88, ERS Staff Report No. AGES840912, (1985).

Tun, Sovan; Yetley, Mervin. A New Method to Assess Effects of Food Supply Shocks on Consumption in Developing Countries. TB No 1697, (1985).

Tun, Sovan; Yetley, Mervin. Impact of Economic Reform on Food Demand, Dominican Republic. ERS Staff Report No. AGES850130, (1985).

Vankai, Thomas A. Hungarian Economic Reforms. ERS Staff Report No. AGES850419, (1985).

Vollrath, Thomas. Development Consequences of Unrestricted Trade. FAER No. 213, (1985).

Whitton, Carolyn. Agricultural Statistics of the People's Republic of China. 1949-82, SB No. 714, (1984).

Williams, Gary; Thompson, Robert. The Brazilian Soybean Industry: Economic Structure and Policy Interventions. FAER No. 200, (1984).

Wright, Mary L. U.S. Imports and Fruits and Vegetables Under Plant Quarantine Regulations, Fiscal Year 1983. ERS Staff Report No. AGES841015, (1984).

NATIONAL ECONOMICS DIVISION: USDA, ERS, Room 246, 500 12th Street, S.W. Washington, D.C. 20250 (202) 447-8831

Allen, Joyce. "Food Stamps Decline, WIC Increases." NFR No. 28, (1985), pp. 22-23.

Allen, Joyce; Forester, L. "Domestic Food Programs: An Update." NFR No. 27, (1984), pp. 22-23.

Buxton, Boyd M. Factors Affecting U.S. Milk Production. AER No. 257, (1985).

Fallert, Richard F.; Goodloe, Carol. California and Canadian Quota Plans. DS No. 399, (1984), pp. 29-36.

Forester, L. "The President's Task Force on Food Assistance." NFR No. 27, (1984), pp. 24-27.

Gallagher, P.; Green, R. G. A Cropland Use Model: Theory and Suggestions for Estimating Planted Acreage Response. ERS Staff Report No. AGES840410, (1984).

Gold, M. S.; Van Ravenswaay, E. O. Methods for Assessing the Economic Benefits of Food Safety Regulatons: A Case Study of PCB's in Fish. AER No. 460, (1984).

Grant, Warren R.; Beach, J.; Lin, William. Factors Affecting Supply, Demand, and Prices of U.S. Rice. ERS Staff Report No. AGES840803, (1984).

Harrington, David H. A Summary Report on the Financial Condition of Family-size Commercial Farms. AIB No. 490, (1985).

Harrington, David H.; Stam, Jerome M. The Current Financial Condition of Farmers and Farm Lenders. AIB No 492, (1985).

Hayenga, M.; Rhodes, V. H.; Brandt, J. A.; Deiter, R. E. The U.S. Pork Sector: Changing Structure and Organization. Iowa State University, (1985).

Hoffman, Linwood; Leath, Mack N.; Hill, L. "Effects of a Flexible Rail Rate Policy upon the Storage and Transportation System for Feed Grains." North Central Journal of Agricultural Economics, (1985).

Jones, Harold B.; Lipton, Kathryn L. "Policies and Programs Affect Turkey Costs." NFR No. 27, (1984), pp. 9-10.

Kaufman, Phillip; Burbee, Clark. "Beef: Graded and Ungraded in the Meat Counter." NFR No. 27, (1984), pp. 3-6.

Lasley, Floyd A.; Henson, W. L.; Jones, Harold B.. The U.S. Turkey Industry. AER No. 525, (1985).

Lasley, Floyd A.; Short, Sara D.; Henson, W. L.. Economic Assessment of the 1983-84 Avian Influenza Eradication Program. ERS Staff Report No. AGES841414, (1985).

Miller, J. "Familiar Product, New Form Describes UHT Milk." NFR No. 28, (1985), pp. 10-13.

O'Brien, Patrick; Fulton, Thomas. Possible Economic Consequences of Reverting to Permanent Legislation or Eliminating Price and Income Supports. AER No. 526, (1985).

Smith, Mark E.; Van Ravenswaay, E. O.; Thompson, S. R. The Economic Consequences of Food Contamination: A Case Study of Heptachlor Contamination of Oahu Milk. AER No. 449, (1984).

NATURAL RESEARCH ECONOMICS DIVISION: USDA, ERS, Room 524, 1301 New York Ave., N.W. Washington, D.C. 20005-4788 (202) 786-1455

Gadsby, Dwight M. Index for Selecting RC&D Projects and Allocating Program Funds. ERS Staff Report No. AGES850111, (1985).

LeBlanc, Michael; Lutton, Thomas; Prato, Tony; Reisner, Gary. Agricultural Implications of Natural Gas Deregulation. AER No. 512, (1984).

Osteen, Craig D. The Impacts of Farm Policies on Soil Erosion: A Problem Definition Paper. ERS Staff Report No. AGES841109, (1985).

Reichelderfer, Katherine H. Do USDA Farm Program Participants Contribute to Soil Erosion? AER No. 532, (1985).

Stinson, Thomas F.; Temple, George S. State Mineral Taxes, 1982. RDRR No. 36, (1983).